



Daily Report

Latin America

FBIS-LAT-89-120
Friday
23 June 1989

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Cuba

GRANMA Editorial on Ochoa-La Guardia Case *FL2206131389 Havana Radio Progreso Network* *in Spanish 1100 GMT 22 Jun 89*

["Text" of 22 June GRANMA editorial: "We Know How To Clean Up Offenses Such as These in an Exemplary Manner"]

[Text] Fulfilling our promise of informing the people and international public opinion on everything pertaining to the Ochoa-La Guardia [Division General Arnaldo Ochoa, Colonel Antonio de La Guardia Font, and Brigade General Patricio de la Guardia Font] drug trafficking case, the leaders of the party [Communist Party of Cuba, PCC] and FAR [Revolutionary Armed Forces] and MININT [Interior Ministry] investigators have provided GRANMA with what has been revealed by vigorous investigations conducted thus far.

What has been learned and proved now forms an extensive volume of acts and statistics which allows us to report a very approximate version of what occurred in this exceptional case of disloyalty to the people, ethics, and the principles of the revolution.

Not a single prejudice, no false modesty will prevent us from harshly exposing and judging the acts in front of the people's opinion and later in front of the courts of justice to sanction in an exemplary manner those responsible. The revolution will not be weakened by this. On the contrary, it will be strengthened as it always has been with its dignified and valiant actions, its invariable norm of always reporting the truth to the people, and by never lying.

We should say that after admitting the fundamental facts, Ochoa, as well as Tony La Guardia—the two principal people responsible for the acts being analyzed—have cooperated little in clarifying the matter. As is known, our revolution has never and will never use violent methods to get information. This is an inviolable rule for counterrevolutionary cases, as well as common cases. It is a formula that is equally applied to traditional enemies and to those who, just a very short time ago, were fighters among our very own ranks.

Only reluctantly, and because they were confronted with testimonies and irrefutable proof, did Ochoa and Tony La Guardia admit their responsibility in their exchange of arguments with their interrogators and in response to the questions asked with the maximum amount of respect given to each one's personal dignity.

The tactic meticulously followed was to obtain testimony and proof of the events aside from the cooperation, from the confessions of the two principal people accused of the crimes. Other participants have cooperated much more efficiently, although not all of them have done so equally with precise and objective statements on everything that has occurred.

Ochoa's first ideas on drug trafficking emerged in mid-1986. He was occupied then, among other tasks, with the 10th MINFAR [FAR Ministry] Directorate, which was responsible for military cooperation with other countries, with the exception of Cuba's military missions in Angola and Ethiopia, which were the direct responsibility of the General Staff.

His assistant, Captain Jorge Martinez Valdez, on a working visit to Panama, received on behalf of a U.S. citizen of Italian origin, (Fran Moria), the suggestion to participate in money-laundering operations. As a result, Ochoa accepted the idea without much thought to the matter, and he instructed Martinez on several ways to carry this out even though neither Ochoa nor Martinez had any experience in such activities. These first contacts led to nothing, but Martinez, at Ochoa's instruction, continued to look for similar contacts until in approximately October or November 1986 he made contact with Colombian citizen (Favel Pareja).

Having developed these relations in the 1st few months of 1987, (Pareja) explained to Martinez the necessity of him contacting his chief directly for the drugs, as well as the money laundering. It was clearly reported in that same conversation that he works for Pablo Escobar, well-known chief of the Medellin Cartel in Colombia.

At the same time, he asked Martinez for the data needed to get him a Colombian passport, which would make it easier for him to travel to that country. As a result, Ochoa told Martinez to go ahead and agree to the false Colombian passport.

All these steps took months because Martinez was not living abroad. Instead, he frequently traveled at Ochoa's instructions on alleged work missions. Between October and November 1987, Martinez received the Colombian passport under the name of (Fidel Buytrago Martinez). By this time, Ochoa knew that Tony La Guardia, of the MC [expansion unknown] Department of the Interior Ministry, also had contacts with Escobar's people, which he mentioned to Martinez.

During the 1st few days of November, Ochoa received orders to go to the People's Republic of Angola to fulfill a mission there. He left his position with the 10th Directorate. Later, Martinez, as his aide, was also to go to Angola. Despite this new task which took him away from Cuba, Ochoa did not renounce his obsessive idea of drug trafficking.

During the 2d half of April 1988, Ochoa sent Martinez to Cuba to attend a meeting in Havana with Tony La Guardia and representatives of Pablo Escobar who traveled to the country as tourists. Upon leaving Angola, he carried a message from Patricio La Guardia, who is fulfilling his mission there, to Tony La Guardia, asking him to cooperate to the utmost with Martinez. Patricio's relations with Ochoa were very extensive and it was obvious that Ochoa at that time not only knew about

Tony La Guardia's activities, but also had his help. The cooperation of the La Guardia brothers, especially Tony, helped Ochoa a great deal in organizing trips for Martinez, thus violating all norms, regulations, document controls, and trips strictly established by the MINFAR [FAR Ministry] in reference to its officials. Martinez was thus able to travel abroad on numerous occasions without going through the appropriate channels.

After departing Angola, Martinez received Ochoa's authorization to travel to Colombia and directly negotiate with Pablo Escobar. From the Boyeros airport, he went directly to Tony La Guardia's house, although he did not find him at his home. He met with him the next day at [Major] Amado Padron's office. Tony La Guardia then made the necessary arrangements for Martinez' Colombian passport registering the entry into Cuba of the alleged traveler of that nationality.

Later that same day, a meeting was held in Playa Municipality between the known foreign visitors—as witnesses recall—by Fernando Ruben Noti and a pilot with Amado Padron; (Lionel Estevez Soto Joel) and Eduardo Diaz Izquierdo of the Tony La Guardia group; and also Martinez. [sentence as heard] Several drug trafficking topics were discussed there, as well as possible methods of cooperation, etc. During that meeting, they also discussed the concealed idea of establishing a cocaine factory in Africa. Ochoa would be responsible for the installation while Tony La Guardia and his group would be responsible for European trade. They also discussed the possibility of printing counterfeit dollars and the necessity of an adequate amount of paper for this. In conclusion, Martinez' trip to Colombia was agreed upon so that he could deal directly with Escobar.

The following morning, in a true business frenzy, Amado Padron and (Luis Pinera), "Willy" of Tony's group, and Martinez met with two Mexican visitors—know as El Negro and Neto—and two U.S. citizens to discuss money laundering and drug trafficking matters, and it was agreed to hold a joint meeting with the Colombians.

A meeting was held that same afternoon, attended by the aforementioned Mexicans and Colombians and the Cubans—Amado Padro, Eduardo Diaz Izquierdo, (Joel), and Martinez—and it was agreed to introduce cocaine into the United States through Mexico. A type of tripartite drug trafficking pact was made. The delirious idea barely advanced because of the lack of fulfillment attributed to the Mexicans.

In early May, Martinez traveled to Medellin on Colombian Airlines. One of Escobar's brothers was waiting for him at the airport. After multiple security controls and measures, he was taken to Pablo Escobar, the all-powerful chief of the cartel. An understanding was rapidly reached between Martinez and Escobar for trafficking cocaine through Cuba. This cooperation was to be paid for at the rate of \$1,200 per kilogram.

Escobar expressed his appreciation for the visit but he added something interesting. He said that he had already conducted drug operations with the cooperation of Cuban officials.

According to the agreement reached between Martinez and Escobar, the first operation would take place 2 months after the visit. For this operation, Martinez had previously received precise instructions from Amado Padron on how to conduct it. A ship under the Panamanian flag named "Jennifer" would collect 2,000 kg of cocaine on the high seas and navigate to a certain point in the outskirts of Cienfuegos. Eduardo Diaz Izquierdo and Martinez would board the ship while Amado Padron would coordinate with Border Guards, who would be informed by Tony La Guardia that this was an MC Department operation under his responsibility.

Martinez and Eduardo Diaz Izquierdo would continue traveling on board the "Jennifer," passing around the island on the west through the Port of Mariel, where they would deposit an innocent cargo of normal merchandise to cover the operation. Once the ship was sent out a few miles from the port of Mariel, four speedboats from Miami would pick up 500 kg of drugs apiece.

This clandestine trip with the use of a false passport to Colombia on the part of a captain of the Revolutionary Armed Forces to meet with Pablo Escobar is one of the most serious, adventurous, and irresponsible acts committed by Ochoa and the La Guardia group, among the many that they committed. If this official, on active duty, an aide of a known and prestigious chief like Arnaldo Ochoa, had been captured and presented to international public opinion as a type of ambassador to the Medellin Cartel from our country or the FAR, a shameful downpour of calamities would have fallen over the revolution which would have been very difficult to deny.

Without a doubt, this official would have been made to sign a statement saying this was an activity authorized by the Government of Cuba. What could be expected from a man who had reached this point? It has not yet been precisely determined how Martinez presented himself to Pablo Escobar. Martinez, who has extensively explained with much objectivity and detail what he did, says that at no time was this concretely discussed during the 2-and-1/2-hour conversation with Escobar. He said he always referred to his chiefs generically. From this Escobar was able to assume, and Martinez acknowledges this, that his chiefs were high-level leaders of the Cuban Revolution.

The "Jennifer" operation agreed upon by Martinez and Pablo Escobar did not take place because of reasons we will soon explain.

Upon his return to Cuba, Martinez told Ochoa that he happened to be in the country on a short working visit and he told Tony La Guardia everything that was agreed upon. The conversation was held in the kitchen of Ochoa's own house. The two men both completely approved the plans.

The notification of the departure of the "Jennifer" was to be a telephone call with the key phrase: The bank transfer will be on such a day. The call never took place. A fortunate circumstance dashed everything to the ground in the period between the meeting and the ship's departure. The captain of the "Jennifer" was assassinated.

Martinez was informed of this when he traveled abroad in August to make contact with Escobar's people and to learn what happened. They then proposed to him that the operation be done by air. He answered that he would consider it. Once in Cuba he consulted with Tony La Guardia. La Guardia accepted the idea, saying that upon landing, the sale of tobacco would be used as a cover.

In September, Martinez returned abroad and met with (Favel) and two pilots to analyze the details of the air operation.

In October he traveled to Colombia for the second time to meet with one of Escobar's brothers on the new plans. Coordination plans were made. A Cheyenne plane would leave Colombia at 1900 over the Caribbean Sea. It would pass over Cuban territory through the Maya Corridor, flying to the southwest of (Cayo Salks), where it would drop the drug conveniently packaged and protected in waters near Cuba. It would return to Colombia via the same route.

They haggled over prices in case the merchandise did not fall in Cuban waters and they analyzed the variables for the possibility of the airplane carrying less fuel to transport more products, landing during its return flight in Varadero with an empty tank to refuel.

The drug would be collected by speedboats from Miami. The price for cooperation from Cuba would be \$1,000 per kg. A weekly operation was being planned.

Martinez informed Ochoa of this by telephone, Cuba to Luanda, in more or less figurative language. Ochoa expressed his agreement. But obstacles once again emerged. A ship was captured in the east by the Border Guard. A meeting took place abroad toward the end of October between Martinez, (Joel), and Escobar representatives, who said that the boat captured by the Border Guard was coordinated with Eduardo, Tony La Guardia's people. (Joel) denies it.

A new dispute arose in November when Fernando once again met with Escobar's representatives, who were previously mentioned, and Martinez. Fernando said that the operation failed because 500 kg of drugs were dropped in the afternoon in view of the Las Americas restaurant. These drugs were captured by Border Guard agents. Martinez told him that he had nothing to do with that operation. Nevertheless, on behalf of Escobar, he told him that a man would be sent to Cuba to complain to authorities so that the merchandise could be returned to him.

This threat of sending a man to Cuba demonstrates Escobar's assumption that Martinez' activities were authorized at a high level of government. The events reflect that while Martinez came and went, other things could have been occurring.

In December 1988, Ochoa, on the verge of returning from Angola, was informed by Martinez of all these situations. Very frustrated by all the failures, he told Martinez that he did not plan to continue working with Tony La Guardia in these activities, describing La Guardia's people as fools and incompetents and saying that he would directly organize any new plan himself. He directed Martinez to maintain contact with the drug traffickers.

Martinez once again traveled abroad between 10 and 20 February 1989. Upon his return, Ochoa said that with Martinez' new job in the near future as his aide in the Western Army, he would not as easily be able to leave the country, so he should consider passing his contacts on to another person in whom he could confide, preferably a stranger. Nevertheless, between 25 March and 5 April, Martinez traveled to Panama to attend to some of Ochoa's other interests.

Despite Ochoa's frustration with Tony La Guardia, on 29 April Martinez met in Cuba with Willy from Tony's group. He said he knew of two Mexicans who wanted to negotiate up to 2,000 kg of cocaine a month. Ochoa once again let himself be tempted and he instructed Martinez to contact Fernando on his next trip abroad for this purpose. The earnings would be distributed 50 percent between Ochoa and Tony La Guardia.

Martinez' last trip was on 28 April. Among other instructions, Martinez had two essential tasks: to make contact with Fernando and present him with the business deal with the Mexicans for the 2,000 kg of cocaine a month, and to tell Escobar's people about the possibility of using the Giron Corridor for flights that would be guaranteed and paid for.

Martinez contacted the Colombians and explained his mission. They told him they would inform their boss. Ochoa's last proposition to the drug traffickers seems more like a fraud because he had no control over the Giron air corridor, although he was planning on finding accomplices among those responsible for that activity.

In reality, Ochoa and Martinez, despite Ochoa's obsessive persistence and Martinez' frenzied activity, did not succeed in any of their projects.

Ochoa did not have a team. Only one of his collaborators within the MINFAR was in on the secret. He entirely depended on Tony La Guardia's group and, among them, he had more rivals than sincere collaborators. When Ochoa approved through Martinez his first operation with the drug traffickers in 1988, Tony La Guardia and his group had already conducted their first successful drug trafficking operation approximately 18 months earlier.

It is evident that Ochoa and Tony La Guardia almost simultaneously decided in 1986, each on his own and independently, to undertake activities of this type. It is only in 1988 in the meeting referred to as the April meeting in Havana that the ties were expanded between the two projects. However, Tony and his group kept Ochoa and Martinez very compartmentalized in reference to their operations, although it is evident that Ochoa learned in 1988—in some cases from Tony La Guardia himself—that he had already been conducting operations with the drug traffickers.

Tony La Guardia, like his brother Patricio, had been linked to the Interior Ministry since the first years of the revolution. He conducted different missions and services, some of a certain amount of importance.

As of 1982, he was appointed chief of the Z Department, which was later called the MC Department of the Interior Ministry. What was the essential function of this department? Its task was related to the country's struggle against the economic blockade of the United States. It was responsible for the acquisition and transportation to Cuba of products such as medical and laboratory equipment, sanitary material, computer hardware and other equipment, and parts, components, and accessories for equipment from the United States. It was responsible for acquiring whatever could be useful to our country. These activities were entirely justified and moral in view of the criminal blockade of the United States.

To conduct these missions, the MC Department had connections with U.S. citizens or residents in that country who had access to naval and air methods to transport the products to Cuba. The MC Department was authorized to conduct trade operations with them. Not a few necessities were resolved this way, but they were obligated to work under strict norms that rigorously prohibited any ties with elements that in one way or another were related to drugs.

The MC Department had facilities to coordinate its activities with Border Guard forces and aeronautic authorities. Everyone gladly cooperated with them. It was precisely thanks to these personnel and facilities that Tony La Guardia and a group of officials—operatives close to him—deceived personnel in other MININT departments, which led to their cooperation with drug trafficking, thus allowing themselves to be dragged along by that corruptive plague that infects the continent and which our country had been able to liberate itself from until that time.

As can be determined thus far, the first contact made by Tony La Guardia with the drug traffickers was made through an MC Department official in Panama, Miguel Ruiz. He contacted one of his cousins, Reinaldo Ruiz, who is of Cuban origin, lives abroad, and is married to a Colombian. He told him that there was a possibility of conducting a drug operation in Cuba. Miguel Ruiz and Amado Padron met with Reinaldo Ruiz. Reinaldo Ruiz

said that he might be able to count on some boatmen in Miami and a plane in Colombia to transport a certain amount of cocaine to the United States through Cuba with the use of the plane and the boats. They were willing to pay \$800 per kilogram.

Once Tony La Guardia was informed of this, he decided that Reinaldo Ruiz should travel to Cuba in a particular plane with his son, a pilot, so he could negotiate with him in our country. The trip was made in January 1987. They agreed on the operation.

The plane would bring the drugs from Colombia to Varadero in IBM computer boxes. They would transport the drug, repackaged in tobacco boxes, in the boats coming from Miami to buy tobacco. The operation took place in April. The airplane transported the drug to Varadero as was agreed. The ocean was rough during those days and the boats were forced to wait. The drug remained in Varadero for 20 to 30 days until it was finally transported to Miami. The amount of the drug exceeded 400 kg. Tony La Guardia and his group received \$320,000 for this operation.

However, while waiting for this operation, another drug operation was conducted with marijuana. What tactic did they use? La Guardia's men intercepted the ship as it navigated north of Pinar del Rio. It was accompanied up to the Bahia de Cadiz, north Matanzas Province, and it was hidden until the marijuana was transferred to speedboats from Miami. This occurred in early 1987. Those implicated do not always remember all the dates with precision. The unusual adventure had begun.

Another plane landed in Varadero in May carrying approximately 400 kg of cocaine. A ship transported it to Miami. Tony's group received \$300,000 for this.

During the last quarter of the same year, 1987, two operations were conducted with 500 kg of cocaine each. The procedure is identical. The drug is transported to Varadero by air. It is shipped to Miami by yacht or speedboats. During the course of the year, one of the planned operations could not be carried out. The boat arrives, but not the plane.

Summary: Five successful operations, one failed.

In 1988, two operations are successfully carried out. The first one is conducted in the beginning of the year. The regular tactic is applied: The plane lands in Varadero; the drug is transported by sea.

The second operation takes place in June, a marijuana operation. This simply consists of supplying oil in the southern part of the island to the ship that will transport the drug so that it can continue its trip.

Three additional cocaine operations organized that year failed for different reasons. The drugs were lost in two of those operations.

Summary: Two successful operations; three operations that failed.

The operations acquired a new momentum in 1989. They changed their technique. They became more sophisticated, as has already been suggested. The cocaine was packaged perfectly, protected from humidity, and included phosphorescent devices in each package. It was dropped by planes into the ocean in Cuban jurisdictional waters, north of Varadero. This is called bombing the merchandise. The point is precise. The speedboats can locate it quite well. When problems arise with the boats' capacities or they run some risk of being captured by the U.S. Coast Guard, the drug is buried in a key [island] or submerged in the ocean at shallow depths under the watchful eye of the transporters. The La Guardia group cooperated in communications, housed the crew, and resupplied the boats. All this was done under the guise of normal activities of the MC Department.

The first operation of 1989 occurred in the month of February. The second occurred in March. The third also occurred in March. The fourth, fifth, and sixth operations occurred in the 1st 20 days of April. The seventh operation occurred on 22 April, and the eighth operation occurred on 23 April. All were successful.

From what we have been able to determine, from January 1987 to the 2d half of April 1988 the Tony La Guardia group organized 19 operations. Four of these operations failed, and they attained their objectives in 15 of them.

It is very important to point out that when Ochoa, Martinez, and the La Guardia brothers were arrested on Monday, 12 June, there was no information whatsoever on the activities related to drug trafficking. Investigations were being made on illicit acts and businesses, corruption, immorality, and other faults in Ochoa. Patricio and Antonio La Guardia appeared to be extensively linked to these acts.

The first bits of information emerged a few hours after the arrest was made when documents were confiscated at Martinez' house, especially a letter which aroused serious suspicions and which, according to him, he very stupidly saved.

Nevertheless, a previous investigation was in process. Several rumors that came from friends of Cuba said there were drug traffickers who had the cooperation of Cuban officials. They also mentioned some complaints over lost merchandise. This was combined with growing charges from the United States on drug trafficking operations in Varadero and in the jurisdictional waters near that point. The accusations also mentioned airdrops of packages containing drugs.

Even though it is normal in the United States to make room for all kinds of false accusations against the revolution, the coincidence of these statements during the

past few months called the attention of the first secretary of the Communist Party of Cuba. It was possible to think that the drug traffickers were using the waters near Cuba to drop their drugs down to the boats waiting to receive them without anyone's cooperation. The possibility also existed that some people in Cuba were lying to the drug traffickers by presenting themselves as people with influence who would be able to cooperate with them.

Aside from these possible explanations, during the 2d part of April this year, the commander in chief called on the Interior Ministry to rigorously investigate this to see if a Cuban official was implicated in drug trafficking activities. As soon as the ministry took the first steps in this direction, and especially after counterintelligence, through technical means, began investigating what was going on in Varadero with those airplane flights and boat trips, as far as we can tell, the La Guardia group suspended their activities and began to dismantle their operations, erase their tracks, and protect themselves from the inquiries.

The arrest of Ochoa and Patricio and Tony La Guardia on Monday of last week precipitated the events. A peculiar action of La Guardia and his group is that, being aware of the extremely serious nature of the acts, their members remained completely hermetic in their activities. They confided in very few people—among them Ochoa, of course—about their activities. Their operations during 1987 and 1988 were very well spaced out to avoid raising any suspicions. It was not until April 1987 that they recklessly and riskily accelerated their operations. It has not yet been clearly determined what motivated this change.

They themselves estimated that they helped transfer a total of about 6 tons of cocaine, for which they received approximately \$3.4 million, without having had an opportunity to bill for all the services rendered to the drug traffickers. Payments were pending, due in part to the interruption of operations and because those who were primarily responsible for the operations were arrested.

Of course, from the first moment they alleged that their goal was to help the country, although it is evident to everyone that one does not help the country by stabbing it in the back. They said that they would have presented these funds to the state as part of the authorized trade operations. The cynicism of these pretexts was quickly discovered when hiding places began to appear in very well-cared-for briefcases and in the homes of intimate friends or relatives. Hundreds of thousands of dollars were found. It is evident that they were accumulating important quantities of money. Almost all of it was in foreign currency.

One of Tony La Guardia's closest collaborators, Eduardo Diaz Izquierdo, had \$159,090 dollars confiscated from him in Santa Maria. In Reparto Guiteras, \$108,000 was discovered under a cement slab. In Santos Suarez,

\$26,600 dollars was confiscated. In Reparto California in San Miguel del Padron, \$166,020 was found in a refrigerator. A total of \$458,710 and 100,620 Cuban pesos were confiscated.

Antonio Sanchez Lima had \$262,911 dollars confiscated. Tony La Guardia had \$174,446 and 203 pesos confiscated. Amado Padron had \$46,000 and 14,586 pesos confiscated. Gabriel Prendes Gomez had \$35,150 and 113,160 pesos confiscated. (Miguel Ramon Ruiz Po) had \$21,120 and 550,705 pesos confiscated.

We have only cited the most important amounts that were confiscated. To this should be added the \$50,000 that Tony La Guardia gave on 28 April of this year to Ochoa from drug trafficking funds and which Ochoa sent with Martinez to Panama, where he received a sealed envelope to put in the safe of a Cuban official. The official, acting on good faith, reported this as soon as he learned of Martinez' arrest. These funds have also been confiscated and transferred to Cuba.

A total of \$1,650,789 dollars and 287,589 pesos have been confiscated up to now, a total of \$1,353,378 [all figures as heard]. The search and investigation continues on the destination of the funds that were received from drug trafficking. We will see what kind of humanitarian use these drug trafficking funds can be used for.

Aside from the drug trafficking money, it was proved that Ochoa deposited \$200,000 from other sources under the name of Martinez in a Panamanian bank. Upon his arrest in his home, an additional \$25,800 was found.

Besides the serious and irrefutable violation of ethical and political principles that they committed, it is repugnant how Ochoa and Tony La Guardia and his group, like vulgar thieves of international drug trafficking, were selling out the Republic for a small grain of wealth [un grano de lenteja]. There are abundant amounts of details and additional elements besides what has been stated here. It was necessary to make a considerable effort to summarize these events to keep this editorial from becoming excessively lengthy.

Only a revolutionary country like Cuba is capable of discussing this problem with such clarity and bravery.

Drug trafficking has become a cancer for other peoples of Latin America. There are states whose economies have become considerably dependent on the income from drug trafficking. U.S. society has been unable to take effective measures to combat the consumption and internal trafficking of drugs. Its measures, in relation to the drug-producing countries, are only of a repressive nature. There is no way of making the leaders of that country understand that the frightful economic and social situation of Latin America has forced millions of people to cultivate and produce drugs. It is evident that the absence of adequate laws and measures within the United States, the foreign debt, the economic crisis, and

the growing poverty of hundreds of millions of Latin American and Caribbean people make the efforts of the United States and Latin America impotent in winning the drug battle, in which hundreds of billions of dollars are invested each year.

Cuba is one of the few countries in our hemisphere that is free of drug production. The consumption of drugs in our country is practically nonexistent.

We have seen ourselves truly affected by drug trafficking for the first time. For the first time, Cuban officials appear to be implicated, despite the strengthening of our revolutionary process, of the solidness of our socialist state, and the purity of our people. For many years, we were irreproachable fulfillers of our international responsibilities in this area. Dozens of ships, airplanes, and hundreds of drug traffickers have been captured and sanctioned for drug trafficking activities that were not directed against our country but accidentally landed or were introduced in our jurisdictional waters and coasts. Although we are poor and we have difficulties, our economy has never depended on or needed income from drugs.

The conduct of Ochoa and the La Guardia brothers, as well as the conduct of their closest collaborators, demonstrates how far a society of consumption and its imitators are capable of dazzling and influencing certain people. To what point is it necessary to elevate vigilance, exigency, and revolutionary awareness? International drug trafficking has struck us an appreciable blow. We cannot even say that the majority of the responsibility lies on the large drug traffickers. It was practically our own people who went looking for and easily accepted the first offers. But we will tear out the bad from its roots. We are the only ones in this hemisphere who are able to do this, and it will not even be a difficult task. Our citizens, our Border Guard, MINFAR, and MININT combatants, and the cadres of our party will be much more alert now. After this bitter experience, it will be very difficult for groups like those of Tony La Guardia and conduct like that of Ochoa and Martinez to once again arise within the state.

Drug traffickers will know once and for all that they will never be able to count on Cuba for drug trafficking. If our airspace and waters are not respected, we will be forced to adopt drastic measures, no matter how difficult it may be for us to shoot down an airplane in full flight which refuses to obey an order to land. If even stricter laws are still necessary, we will promulgate them. We are justifiably indignant over this offense against our national honor and dignity, purity, and the principles of our revolution.

Ochoa and Tony La Guardia and his group have attacked the morale and international prestige of Cuba, which is the fundamental force with which we defend ourselves against the aggressions of the empire and with

which our people make their voices heard in all corners of the earth. They have endangered not only our prestige, but even the security of our country.

In today's world, a small nation without prestige and morale is a defenseless nation. To rob the honor of a heroic people is to rob it of strength. To strike a blow to its confidence is to strike a blow to its morale for struggle.

What they have done is an act of treason against the officials and combatants of our FAR and combatants of the Interior Ministry, who have written so many glorious pages in defense of the revolution. It is treason to the pure comrades who have fallen in unselfish struggle within and outside of Cuba. It is an offense to our principles and a slap in the face to the fatherland.

If many are traumatized by such acts, it is because we are, without a doubt, an inseparable part of one of the cleanest political processes in history; it will continue to be clean because we know how to clean up offenses such as these in an exemplary manner.

GRANMA not only expresses its editorial opinion but also the faith of the Central Committee of the Communist Party of Cuba, the commander in chief, the FAR, and the MININT.

Support From Architects, Engineers

FL2206233289 Havana Radio Rebelde Network
in Spanish 2315 GMT 22 Jun 89

[Text] The delegates and guests attending the 2d Congress of the National Union of Architects and Construction Engineers of Cuba have supported the editorial published in newspaper GRANMA today entitled "We Will Know How To Clean Up Offenses Such as These in an Exemplary Manner."

Architect Otto Cuetara, president of the organization in Matanzas, read a communique on behalf of his province's delegates which reaffirms the support given to Commander in Chief Fidel Castro and the party and rejects any act that may endanger the integrity of the revolution.

'Severe Punishment' Urged

FL2306021589 Havana Radio Rebelde Network
in Spanish 2348 GMT 22 Jun 89

[From "Exclusivo" program]

[Text] Details regarding the involvement of traitor officers in drug smuggling today angered the people of Sancti Spiritus, who listened with the greatest attention to the GRANMA editorial read over Cuban radio and television. Hundreds of people at bus stops, schools, and work centers and those who were simply walking down the streets commented and strongly condemned those involved.

All of them demanded severe punishment. Although the GRANMA editorial was only published in the capital's edition, it was carried by the abovementioned media, causing the repudiation toward the small group of FAR [Revolutionary Armed Forces] and Interior Ministry officers who betrayed those armed corps.

Further Comments on Editorial

PA2306031689 Havana International Service
in Spanish 0030 GMT 23 Jun 89

["What the Cuban Press Has To Say" feature by Vivian Nunez and Manuel Somoza]

[Text] [Somoza] Since early today, Thursday, Radio Havana has been reading one of the most amazing editorials that has ever appeared in the newspaper GRANMA. The crux of this editorial, which occupies 1 and 1/4 pages of the official Cuban Communist Party (PCC) organ, is the unusual involvement of a small group of Interior Ministry and Revolutionary Armed Forces officers in the detestable business of drug trafficking.

Today we will discuss Cuban press coverage of this incident and its repercussions from one end of the island to the other because of its national and international importance and because it has no precedent in the history of the Cuban Revolution.

[Nunez] This topic has drawn national attention ever since the press last week reported the arrest of General Arnaldo Ochoa for behavior unbecoming his position in the Armed Forces. Interest in this case grew when Army General Raul Castro, PCC second secretary and defense minister, pointed out the seriousness of Ochoa's transgressions in a speech with heavy colloquial overtones that was broadcast live on television, although all the information, which GRANMA has just made public, was not available then.

[Somoza] After the initial surprise at the arrest of Ochoa and other officers of the two armed organizations, there was a general feeling of irritation that was equally felt at factories, farms, and bus stops and during the habitual daily meeting of Cuban families in front of their television sets.

Meanwhile, the press acted with restraint by basing its reports on facts and not allowing speculation or sentimentality to take hold.

[Nunez] Without exception, all international press correspondents accredited in Cuba went after the news on the streets to satisfy their particular interests. An analysis of many of their reports shows that not even these reporters failed to acknowledge that, besides the indignation expressed over this incident, there was absolute confidence that there would be a public clarification.

[Somoza] Radio stations broadcasting against Cuba from U.S. territory, one of them for 18 hours a day, reacted as expected: They talked about internal conspiracies and purges and again disregarded the feelings of a people who have learned to turn defeats into victories through hard-fought struggles.

[Nunez] Not just for literary or political purposes, GRANMA's editorial states: International drug trafficking has dealt us a heavy blow. We cannot even claim that big drug traffickers are mainly responsible for this, because our own people virtually sought them out. However, we will uproot this evil.

[Somoza] Drug traffickers must know, once and for all, that they can never count Cuba in on their drug trafficking activities. Ochoa and the others tarnished Cuba's moral values and international prestige, GRANMA states. It adds: They betrayed the officers and combatants of our heroic Revolutionary Armed Forces and the Interior Ministry. They abused our principles and slapped the fatherland in the face.

[Nunez] The title of this GRANMA editorial, which has been well read by Radio Havana, reprinted a million times, and completely digested by the main local radio stations, was printed in large black letters that leave no room for doubt.

Malmierca on Panama, Ochoa, Other Issues
PA2206191389 Hamburg DPA in Spanish 1802 GMT
22 Jun 89

[Text] Caracas, 22 Jun (DPA)—Cuban Foreign Minister Isidoro Malmierca said in Caracas today that his country will not intervene directly in the solution of the Panamanian problem; however, he announced his government's solidarity with the Central American country.

"We have always simply expressed, and we reiterate today, our solidarity with the Panamanian people," Malmierca said when asked about the possibility of Cuba's participation in a dialogue on Panama.

The foreign minister stressed that the United States must withdraw its military bases from Panama and abide by the Torrijos-Carter treaties concerning the return of the Panama Canal.

On recent statements by U.S. Vice President Dan Quayle that there is a Cuba-Nicaragua-Panama axis to destabilize governments, Malmierca denied the contention and added that he only wished "there were a Latin American wagon and (in that case) we would be very happy to help advance it."

Meanwhile, Malmierca said that General Arnaldo Ochoa Sanchez, recently discharged for alleged corruption, including drug trafficking, will be tried in Cuba and, if found guilty, will be punished.

Likewise, the foreign minister said that he has no information concerning the arrival of Cuban officials in Panama to investigate other Cuban officials who work in that country for their alleged involvement in drug trafficking. However, he warned that "any person, despite rank or official position, who breaks the law will be punished."

Concerning Cuba's relations with the United States, Malmierca said that these have not improved and that the U.S. Administration continues to practice the "hostile" policy it implemented 30 years ago after the triumph of the socialist revolution.

Malmierca strongly criticized U.S. plans to install an antenna to send television signals to Cuba and said that "this is a new act of intervention against Cuba and a violation of international law."

Concerning Central America, the head of Cuban diplomacy said that the Esquipulas II agreements will only be fulfilled if the other countries of the area abide by it just as—in his opinion—Nicaragua has.

Malmierca is in Caracas attending the extraordinary meeting of the Group of 77 that began in Caracas yesterday.

In his speech before the Group of 77, Malmierca reiterated Cuba's support for the Third World's integration plans and criticized the industrialized countries, especially the United States, for hindering attempts to unite developing nations.

The Cuban foreign minister urged the participants to establish a strong and united position in light of the meeting on development to be held next year at the United Nations.

Foreign Minister on Third World Foreign Debt
FL2306025289 Havana Radio Rebelde Network
in Spanish 2355 GMT 22 Jun 89

[From "Exclusivo" program]

[Text] At a Group of 77 special meeting today, Cuban Foreign Minister Isidoro Malmierca denounced the indebtedness crisis which has created a new form of domination and colonialization of Third World countries. The Cuban foreign minister noted that the large foreign debt was one of the main causes of Latin America going back over 10 years in the economic area during the last 5-year period, with a debt of over \$400 billion.

Malmierca said the solution to the debt cannot be dealt with as an isolated event. Only a comprehensive approach to the problem—including the elimination of accompanying phenomena such as the deterioration of the trade terms and protectionism and the reforms of the financial and monetary system—can lead to lasting solutions.

Malmierca further asserted that we are convinced that if the decision was made today to forgive the entire foreign debt of Third World countries, without also solving the other problems affecting the economies of these countries, the debt phenomena would appear again in a few years with all its devastating effects.

Panamanian Envoy Discusses U.S. 'Intentions'

PA2206210989 Havana International Service
in Spanish 1600 GMT 22 Jun 89

[Text] The White House policy of pressure against Panama is aimed at hiding the U.S. intention to prolong its military presence in the Canal Zone. Panamanian Ambassador to Cuba Manuel Orestes Nieto reported this in Havana.

Speaking to delegates at a meeting on military bases in the Third World, Nieto said that in his region, Washington trains shock forces for intervening in other countries and has an international espionage center.

Commentary Notes Dominican Republic 'Crisis'

FL2106011389 Havana Television Service
in Spanish 0000 GMT 22 Jun 89

[Commentary by Eva Luna]

[Text] It seems as though the apparently calm stage in the economic, political, and social life has ended for Joaquin Balaguer's Dominican Government. The Dominican Republic has been shaken by a general strike in the last few hours. It caused at least four deaths and numerous wounded. Where are the roots of this situation?

The stoppage was called for by the council of popular and trade union organizations, which is asking for salary raises, reductions in prices of basic commodities, and other socioeconomic demands. To have an idea of the crisis, take into account that difficulties in the basic services for the population have increased lately.

For example, there are areas in Santo Domingo that do not receive electric power for 2 or 3 days. Other sectors, such as health and education, are getting so expensive that they are out of reach for the average population.

The situation that the Dominican Republic is going through today is such that it could make the leaders of that small nation lose their sleep. The population in the Dominican Republic is not even half of Cuba's population, and unemployment and underemployment is estimated to be 75 percent, which worsens the crisis.

Moreover, remember the events of 1986, when, because of the economic situation and pressure by the IMF, the prices of basic commodities were increased. This caused strong protests and resulted in some 130 deaths and many wounded.

The Joaquin Balaguer government is now walking on a tightrope precisely at a time when a complex electoral struggle for the 1990 general elections is beginning there.

Undoubtedly, the future of Dominican Republic is now at stake. Let's see how Joaquin Balaguer comes out of this new presidential term.

Dominican Republic

Strike Lifted; 2d Trade Union Meeting Planned

FL2106162189 Santo Domingo Radio Mil Network
in Spanish 1045 GMT 21 Jun 89

[Passages within quotation marks recorded]

[Text] The National Strike Committee of the Conference of People's Organizations has lifted the 48-hour strike that began last Monday. Virtudes Alvarez [strike coordinator] stressed the success of the protest movement and the peaceful manner in which it was carried out by the majority of the population. Alvarez condemned the violence unleashed by government troops, police, and military units who did not take note of the obviously peaceful nature of the strike.

[Alvarez] "We want to stress that despite the peaceful nature of the population, most of whom remained at home, the government violently repressed the strike with the Army, police, and groups of civilians armed with weapons purchased with state funds. This resulted in 3 deaths, dozens of injuries from gunshots, and more than 3,000 people detained and beaten. The majority of these victims were dragged from their homes by these agents."

Trade union leader Virtudes Alvarez demanded the immediate release of the more than 3,000 detainees and she also [words indistinct] detained during the strike.

[Alvarez] "We call on the government to immediately (?meet the demands) included in the initial document that was presented by the commission comprised of representatives from the Episcopal Conference.

"We advise the country, and once again [words indistinct], to continue and strengthen the fight in factories, the countryside, neighborhoods, education centers, and so forth."

The coordinator of the National Strike Committee said that a large teacher's demonstration is being planned as part of the fight. It will be held on 30 June.

[Alvarez] "This way, based on popular opinion, we will hold a second national assembly of trade union, peasant, people's, and professional organizations after consulting neighborhood assemblies and the population. We are asking the 307 organizations that attended the first assembly to hold a second national meeting on 15 July. This is part of the fighting strategy we are planning and we will make it public in the next few hours."

Virtudes Alvarez reiterated that without the decisive participation of the population, the success of the strike would not have been possible. She praised the people's conduct during the protest demonstration.

[Alvarez] "We also express our appreciation to the initiatives taken by the Catholic Church for the communique supporting the movement, as well as its efforts to mediate on behalf of the Episcopal Conference."

Trade Union Defends Nonparticipation in Strike
FL2106143689 Santo Domingo Radio Mil Network
in Spanish 1037 GMT 21 Jun 89

[Passages within quotation marks recorded]

[Text] The Autonomous Confederation of Trade Unions, CASC, yesterday afternoon denied that it did not back the general strike because of alleged commitments with the Reformist [Christian Social Reformist Party, PRSC] government. CASC Secretary General Gabriel Del Rio was asked about these rumors and he said the following:

[Del Rio] "We have no commitment with the government. We are an autonomous, independent institution. Our trade union life has demonstrated this. Two years ago, we participated in a similar activity but it was organized, first of all, by trade unions and, secondly, it was only a 24-hour strike, not 48 hours. We understand that because of the current situation in the country, one must be very careful with this call for a strike, although it has been generally successful. However, due to certain conditions, we preferred not to participate, although we are totally in agreement with the fundamental demands and we have been promoting these demands for some time now. For example, the agreement to demand a (?minimum) wage was reached during our last congress in November.

"Our commitment is clear. Our commitment is to the workers and the Dominican people but we have to be very careful in the way things are presented."

Nevertheless, Gabriel Del Rio said that even though the CASC did not support the strike, the trade union organization acknowledges that the work stoppage was a success for several reasons. The CASC secretary general said that one of the outstanding reasons is the fact that the government's attention was called to the demands and opinions of the citizens. Del Rio also said that [words indistinct] and many sectors thought that important things would occur during the demonstration. He later said:

[Del Rio] "The way things were stated was not very clear and we and the CTM [expansion unknown], which also did not participate in the strike, felt that it was better to not actively participate in this work stoppage."

*** European Common Market Aid Detailed**
32480148a Santo Domingo EL CARIBE in Spanish
17 Apr 89 p 10

[Article by Luchy Placencia]

[Text] The lack of political determination on the part of the government to integrate the country into multilateral economic development plans and pressure from certain international groups have rendered access by our nation to the Lome Accord and cooperation treaties between the European Economic Community (EEC) and Third World countries difficult.

A report from the Office of Secretary of Foreign Relations attributes the failure of the Dominican Republic's attempts to be accepted into the Lome Convention to "nationalist sentiments, traditional rivalries and conflicts, distrust, and pressure from specific interest groups."

It adds that the situation also results from changes in the international context and the lack of political determination on the part of the government to achieve goals in terms of integration into international cooperation plans.

The Secretariat also deems the support and participation of sectors such as the universities, trade unions, political parties, and professional and business associations necessary in gaining access to EEC cooperation agreements.

It attributes the serious deficit in the Dominican balance of payments to the effects of the international economic recession, worsened by the situation on financial markets and changes in price levels of basic products as a result of the protectionist policy applied to member countries by the EEC.

Other effects of these phenomena, it adds, include the country's inability to meet its international commitments and the impossibility of modifying the productive structure and the increase in the supply of goods.

However, it states that national authorities recognize these limitations, as a result of which at the end of the 1970's, they initiated a series of actions aimed at obtaining the participation of the Dominican Republic in some of the existing international integration structures.

It adds that the process of bringing the country closer to the EEC and the Lome Convention began in 1984, when Dominican and Haitian officials submitted a formal request to Jean Antoine Dardeau, general director of foreign relations of the EEC Commission, to initiate talks between that entity and the two countries.

In March of last year, a resolution was approved asking nations belonging to the Lome Convention to accept the Dominican Republic and Haiti into Lome III as observers.

It also resolved to ask those countries to begin talks aimed at permitting the two to join the Fourth Lome Convention.

The report sent by Foreign Relations to EL CARIBE adds that the EEC has maintained economic relations with the Dominican Republic basically on two levels: along with a group of countries as an international community and bilaterally with each one of them as nations.

It adds that on the bilateral level, the countries with the greatest impact are Germany, Italy, France, and Spain. During the 1979-1987 period, the country received \$27.3 million from the EEC.

Of that amount, the country received \$3.28 million worth of aid in food, \$20.7 million in technical and financial assistance, \$0.09 million in commercial promotion, \$0.89 million in training and \$2.09 million for unspecified purposes.

Among the projects financed by the EEC is Yaque del Norte at a cost of 12 million ECU's [European Currency Unit], irrigation systems in Western Cibao for 7 million ECU's, an irrigation project on the Pedernales costing 4.8 million ECU's and the installation of a radar facility costing 1.5 million ECU's

The ECU is the common monetary unit of the EEC (\$1 equals 1.13 ECU's).

The document also explains that the Lome Convention consists of a cooperation agreement for financial, technical, and emergency aid.

It is also a preferential trade system which the EEC maintains with Africa, the Caribbean and the Pacific (ACP).

Most of the countries are former European colonies. "The agreement is not reciprocal, which means that the EEC does not ask beneficiary countries for similar treatment.

"The First Lome Convention extended over 5 years, from 1976 to 1980, and was followed by a second covering 1981 to 1985. The Third Convention, now in force, associates 12 EEC countries with 66 nations in Africa, the Caribbean, and the Pacific. It was signed on 8 December 1986 and will extend to February 1990," it states.

*** Economist Reports on Inflation, Money Supply**
32480148b Santo Domingo LISTIN DIARIO
in Spanish 17 Apr 89 p 1-D

[Text] Economist Andres Dauhajre, Jr., executive director of the Economy and Development Foundation, has proposed a plan to prevent the inflation rate from exceeding 30 percent by the end of the year. The plan includes the elimination of 400 million pesos in fuel subsidies.

He also mentioned the reduction in the foreign exchange reserve fund of the Central Bank earned last year amounting to \$74 million, and obtaining the 20-percent exchange commission.

Dauhajre admitted that although an increase in fuel prices would result in a general price increase, in medium- and long-range terms it would reduce inflationary pressures.

Interviewed on the program "Economic Debate," produced by economist Juan Guiliany Cury and carried by TV-13 every Sunday, Dauhajre maintained that the main excesses lie in the expansion of public spending and inorganic financing.

He mentioned the financing granted to the State Sugar Council (CEA), the Dominican Electricity Corporation, and the Dominican Petroleum Refinery, and the Central Bank's exchange losses.

He said that when the Central Bank pays its foreign debt, "which is a debt it absorbed by restructuring the debt with commercial banks, every time it pays a dollar without demonetizing the 6.28 pesos, it is as if it were issuing that same amount of money.

He calculated that 1.2 billion pesos would be issued in this respect, to which 400 million pesos would be added for paying the debt of the public sector not backed by pesos and another 400 million pesos in fuel subsidies, for a total expansion of 2 billion pesos.

Concerning the proposed reform of Law 299, Dauhajre said that the tax rates chosen are highly exaggerated if one considers that in addition to that 20 to 55 percent, one would pay 6 percent ITBI [no expansion given] and a 20-percent exchange commission, implying an average import tax of 50 percent for raw materials, which is absurd," Dauhajre said.

He added that there would be no comparison in Latin America, where the tax rate on imported raw materials varies between 0 and 30 percent.

The economist said that in the Dominican Republic, the rate of import taxes on raw materials should never exceed 15 percent. In addition, he said that there are plans for a subclassification of raw materials into 2,500 different categories, which would be highly complicated.

*** 212 Enterprises Located in Free Trade Zones**
32480148c Santo Domingo LISTIN DIARIO
in Spanish 29 Apr 89 p 1-D

[Article by Jose Romero]

[Text] To date, a total of 212 enterprises have been set up in free zones throughout the country, including 7 special free zones.

Last year, 59 enterprises were set up in the country's free zones, bringing the number to the present 212.

Activity in 1988 hit record levels.

At the present time, 50 of the 212 enterprises engage in textile activities.

The remaining companies produce electronics, shoes, leather goods, and tobacco, and engage in boat construction.

Of the 59 companies set up last year, some 30 are American, comprising 51 percent. Another 10 are Dominican (17 percent), 9 Korean (15 percent), 5 Panamanian, and 5 Puerto Rican.

Investment and Jobs

The enterprises set up in 1988 invested 349.8 million pesos, generating 21,348 jobs. If one compares figures with those for last year, they represent respective increases of 86 percent for classified enterprises, 140 percent for jobs generated and 191 percent for investment.

Last year, the Free Zone Council, which is under the Office of Secretary of Industry and Trade, received and favorably recommended four free zone applications.

The new industrial free zones recommended by the Council and authorized by the Executive Branch are: Esperanza, Villa Altagracia, Bonao, and La Vega, raising the number authorized by December to 34, including 7 special free zones.

At the end of last year, the total number of free zones in activity rose from 11 to 15, with the classification of enterprises in the industrial free zones of Villa Mella, Villa Altagracia, Bonao, and La Vega.

Classified Enterprises

A total of 59 new enterprises were planned by the end of last year, an increase of 143 percent.

Most classified in Category A were in La Vega, Bani, and La Romana.

By last year, out of a total of 59 classified enterprises, 30 were for garment making in general (70 percent).

There were also enterprises engaging in data processing, something new, shoe manufacture, and others.

Economic Growth, Stability Pact Extension Signed
PA2106043589 Mexico City EXCELSIOR
(En los Estados Section) in Spanish 19 Jun 89 p 4

["Pact for Stability and Economic Growth" from 1 August 1989 to 31 March 1990 signed at the National Palace in Mexico City on 18 June]

[Text] 1. On 31 May, the president of the republic made known to the nation the National Development Plan, a fundamental document that will guide the efforts of the government and society in the coming years.

2. The strategy the plan proposes to achieve large national objectives is to modernize national life, face the new economic and social challenges by simultaneously carrying out broad concerted efforts, and apply a modern exercise of authority.

3. The economic recovery that the National Development Plan seeks is based on three fundamental economic policy strategies: Continuous stabilization of the economy; the expansion of resources available for productive investment; and modernization.

4. Progress in achieving these goals entails renewing toward fulfilling the commitment the labor, peasant, and business sectors and the Federal Government have maintained so far this year within the Pact for Economic Stability and Growth. It is these sectors' specific response to the appeal issued by the president of the republic. It means consolidating the fight against inflation during a crucial phase for the country when the foundations will be laid for a gradual, but firm and sustained recovery of economic activity; protecting the purchasing power of wages; and strengthening, through concerted effort, these sectors' commitment to support domestic economic stability and the negotiation of the foreign debt.

5. The enormous concerted efforts over the past 18 months have led to a significant reduction in inflation. These efforts have been widely recognized both in the country and abroad.

6. The positive results achieved this year surpass the forecasts made at the beginning of the current agreement and constitute a firm foundation that encourages efforts to be made in the future.

The following stand out:

a) The inflation rate has remained at reduced levels and no serious supply problems have emerged. This result, along with the adjustment of the exchange rate at an average rate of 1 peso daily, has enabled the exchange rate to maintain its competitiveness.

b) Industrial production has shown greater dynamism than initially forecast. In April, the volume of production was 5.5 percent greater than during the same month in 1988

and during the January - April period, the annual increase was an average 2.8 percent. Manufacturing production during the first 4 months of the year increased 3.7 percent compared to the same period in 1988.

c) Preliminary indicators of investment have also shown favorable development. The index of fixed investment—which includes national and imported capital goods and construction—grew at an annual rate of 6.5 percent during the first quarter. This behavior is satisfactory, if one considers that the annual economic growth goal is 1.5 percent.

d) The balance of trade registered a \$233 million surplus in the first quarter and the current account showed, during that period, a deficit that was lower than expected. These results reflect a performance that is in line with the annual forecasts of the balance of payments.

e) Public finances register overall results that are highly satisfactory compared to the forecasts. According to appropriate figures up to April, the primary surplus of the public sector was 15.6 billion pesos, a figure that is 13 percent higher in real terms than the figure from the same period in 1988. Meanwhile, the financial deficit reached 8.2 billion pesos, 61 percent lower in real terms than that during the same period in 1988. This performance is in line with what was anticipated in the Revenue Law and in the Expenditure Budget of the Federal Government for 1989.

f) The Mexican Government has recently started an ambitious economic deregulation program, to which the current pact is committed. The positive results from the implementation of the first phase of the program have freed the industrial sector from inappropriate restrictions in the canning and packaging of products, which has allowed greater flexibility in purchasing basic supplies needed for the development of industrial activities.

g) The signatories of the pact and the Federal Government are all aware of the work done by state and municipal authorities to hold down prices and to try to solve many other economic problems both at the local and national levels.

7. The signatories of the pact are aware, however, that the desired price stability has not been achieved yet and that, at the present time, it is particularly important to persevere in the consolidation of what has been achieved. To this end, the experience gained through our concerted effort in the last few months is an essential element. That is what the 1989 National Development Plan is saying when it states that "our concerted effort has proved to be efficient so that our society—inspired by its consensus—can keep its commitments and make significant efforts to reach its goals."

8. The satisfactory results of the first Pact for Stability and Economic Growth and the call made by the National Development Plan to maintain our firm commitment to

consolidate price stability while contributing to the modernization process and while helping to stop the net transfer of resources abroad and to increase the availability of resources for productive investment, are important elements that the various groups and the government have taken into account to extend the Pact for Stability and Economic Growth until 31 March 1990 under the following agreements:

Agreements

1. The Federal Government reiterates its commitment to maintain a strict control over public finances to have the primary surplus established by the Federal Government Income and Revenue Budget Law.

2. The public sector will not change its tariffs and prices.

3. Foreign exchange rates will be increased at an average rate of one peso per day beginning on 1 August 1989 until 31 March 1990 without forsaking the goal of stabilizing foreign exchange rates as soon as circumstances permit, preferably when the present pact expires.

4. The private sector commits itself to maintain current price levels and to maintain a sufficient supply of the goods it produces and markets.

5. The government will make a particularly strong effort to agree with the corresponding groups on overall modernization programs for the production and marketing of essential goods in order to solve problems of infrastructure, reduce production costs, increase productivity, and prevent inefficiency from exerting pressure and causing price changes. The aforementioned programs will include specific deregulation measures to support the industries that need help. Exceptional cases that endanger the existence of the industry itself or the supply of the goods it produces will be studied in due time by the plenum of the Assessment and Follow-Up Commission, which will adopt the appropriate measures.

6. The labor and private sectors reiterate their willingness to promote an appropriate atmosphere for free discussion among the parties involved in negotiations concerning the revision of contracts.

7. The Federal Government will revise import regulations to avoid unfair competition. The government will establish precise norms so that all imported goods meet the necessary quality requirements. Those norms will never be used as a protectionist measure.

8. The government commits itself to strengthening the economic deregulation program with specific measures that will promote competitiveness and productivity. The government will pay special attention to the transportation sector. It will promote better quality and an increase in transportation services to reduce the costs those services impose on society. Similarly, the government will assign importance to modernizing the financial sector.

9. The government intends to firmly support the development and modernization of rural areas to increase productivity and consequently peasants' real revenues.

10. The government will grant regional incentives, especially to low-income producers who work in areas prone to storms to help with the post-harvest fallow season, the marketing of their products, and the construction of an infrastructure that would increase their yield.

The revision of support and market prices will be done in due time according to the agricultural program calendar. The government will try not to change those prices in real terms. The government will promote agreements for marketing rural products between producers and consumers.

To help agricultural producers, the prices of the diesel fuel and electricity used for irrigation pumping systems will be maintained at their present level.

The government will implement programs that guarantee the development of livestock products.

The modernization of rural areas is a basic goal for this government and producers will thoroughly attack the structural problems that affect production and productivity.

The basic purpose is to gradually and steadily recover the profitability of the farming and forestry sectors, to promote the growth of rural supply and revenues, and to guarantee safe investment.

10. Recognizing the great importance the National Development Plan grants to the ecology problem and with the intention of avoiding irreparable damage to our environment and production, the Federal Government and the productive sectors will agree to adopt the necessary measures with state governments and municipal authorities.

11. The signatories confirm their willingness to strictly verify fulfillment of the commitments made in this pact through the Assessment and Follow-Up Commission. This commission will have to increase its activities in coordination with State Commissions so that it can spot problems in time for them to be corrected with the appropriate measures.

The pact has led us to remarkable achievements. The confirmation of our willingness to reach agreements, which is proven by the extension of the Pact for Stability and Economic Growth until 31 March 1990, is new testimony of unity and solidarity among Mexicans. This new agreement will certainly contribute toward modernization and the sound growth of the country's economy.

This agreement is signed at the National Palace on 18 June 1989 and in the presence of the president of Mexico.

[Signed] Honor witness, Carlos Salinas de Gortari For the Federal Government: Arsenio Farell Cubillas, secretary of labor and social welfare; Pedro Aspe Armella, secretary of finance and public credit; Ernesto Zedillo, secretary of planning and budget; Jorge de la Vega, secretary of agriculture and water resources; Jaime Sierra Puche, secretary of commerce and industrial development; Fernando Gutierrez, government secretary.

For the labor sector: Cecilio Salas Galvez, president of the Labor Congress; Fidel Velazquez Sanchez, secretary general of the Confederation of Mexican Workers; Roberto Castellanos Tovar, Revolutionary Confederation of Workers and Peasants; and Ignacio Cuauhtemoc Paleta, secretary general of the Mexican Workers Regional Confederation. For the peasant sector: Maximiliano Silerto Esparza, secretary general of the National Peasant Confederation; and Jesus Gonzalez Gortazar, president of the National Confederation of Small Agricultural, Livestock, and Forest Properties.

For the business sector: Rolando Vega Iniguez, president of the Business Coordinating Council; Eduardo Garcia Suarez, president of the Confederation of National Chambers of Commerce, Services, and Tourism; Luis German Carcoba Garcia, president of the Confederation of Industrial Chambers of Mexico; Jorge Ocejo Moreno, president of the Mexican Employers Confederation; Jorge Kahwagi Gastine, president of the National Association of the Processing Industry; Lorenzo Servitje Sendra, representative of the Mexican Businessmen Council; Clemente Cabello Pinchetti, president of the Mexican Association of Insurance Companies; Jose Manuel Caso Menendez, president of the National Agricultural Council; Alfredo Harp Helu, president of the Mexican Association of Stock Brokers; and Pablo Escandon Cusi, acting president of the Mexico City National Chamber of Commerce.

Private Sector Outpaces Government in Investment
PA2006232989 Mexico City THE NEWS in English
16 Jun 89 p 39

[Article by THE NEWS Finance Reporter Enloe St James]

[Text] Mexico's private sector investments grew from roughly a 40 percent share of the country's total a decade ago to a 74.9 percent share in the first semester of 1989, the new president of the Business Coordinating Council (CCE), Rolando Vega Iniguez, said Thursday.

CCE executive director Francisco Calderon confirmed the figures, saying that "It represents a dramatic overturn from a ratio of roughly 60 percent government investments and 40 percent private investments during the times of Jose Lopez Portillo," who was president from 1976 to 1982.

The main reason for the change is that "government investment has not grown, whereas the growth of private investments has been on the increase all this time," Calderon said.

During 1988 alone, "private investments grew 10.1 percent, and the growth rate has continued during the first months of 1989," Vega said during his first press conference as Mexico's top business leader.

"The investments by private businessmen have basically been put into modernizing the country's existing productive plant," the CCE president said.

The "productive plant" is the industrial base of a country, measured in terms of constructed industrial sites with installed capital goods such as equipment and machinery.

The 10.1 percent figure was arrived at by combining three criteria into one, Calderon said. "First we measure (the yearly increase in) private domestic production in capital goods, which stood at 18 percent during 1988, then the yearly rate of (private sector) capital good imports, which was 52 percent, and then the (yearly) rate of growth in (private) industrial construction projects, which stood at a mere 0.1 percent.

"An average is arrived at, which in this case was the 10.1 percent figure," Calderon added.

El Salvador

Shooting of U.S. Nun Near Zaragoza Reported
*PA2206181889 San Salvador Radio Cadena Sonora
in Spanish 1300 GMT 22 Jun 89*

[Report by Gregorio Moran Huezol]

[Text] We have a report on the attack on a vehicle in which two U.S. nuns were traveling. The U.S. nuns worked in an orphanage at the Oscar Arnulfo Romero community in Zaragoza. The incident occurred yesterday at 1800 along the road between San Salvador and Zaragoza. According to the reports we have received, Mary Stanislaus MacKey, a U.S. nun, received a serious head wound and has been admitted to the Salvadoran Polyclinic. We have been advised that she is in critical condition, near death; however, the doctors are doing their best to save her. The other nun was not hurt.

The rumors of a dead nun have not been confirmed. We have only been able to confirm that one of the two nuns traveling in the vehicle was seriously wounded. She is in critical condition despite the efforts of doctors to save her. We repeat, the nun who is in critical condition is Mary Stanislaus MacKey. The name of the nun who was not hurt is not available. According to reports, Mary Stanislaus Mackey, the nun who worked at an orphanage at the Oscar Arnulfo Romero community, is 70 years old. Because of her age there is apprehension that she will not be strong enough to survive a second surgical procedure that would have been performed this morning.

Further on Wounding

*PA2206192489 Hamburg DPA in Spanish 1828 GMT
22 Jun 89*

[Text] San Salvador, 22 Jun (DPA)—The San Salvador Archdiocese has reported that Mary Stanislaus MacKey, a 60-year-old U.S. nun [age as received], is in serious condition in a private hospital in San Salvador after she was shot in an attack. Two other nuns were also involved in the attack. According to the report, two U.S. nuns, Sisters MacKey and Ana Maria Brangan and Salvadoran Sister Juana Margarita Flores, of the Order of the Charity of the Incarnate Word based in Houston, were traveling in a vehicle yesterday afternoon to the Oscar Arnulfo Romero war orphans center. The center, which is run by the nuns, is located on the road to La Libertad port, approximately 16 km south of San Salvador.

The Archdiocese's Legal Assistance Office told DPA today that the three nuns were traveling in a vehicle driven by Brangan when approximately seven heavily armed men in civilian clothing began to follow them and then rammed the back of their vehicle. The nun who was driving increased speed, and this was when they heard one shot.

The Legal Assistance Office added that Brangan ran off the road and the armed men did likewise in a threatening way. The nun got the vehicle back on the road and they continued on their way, having lost sight of the assailants. When they saw that MacKey was bleeding, they took her to a hospital in Santa Tecla, and from there she was transferred to the capital.

The Legal Assistance Office said today that it could not say who was responsible for the attack but that it was obviously perpetrated by individuals who act with complete impunity, because it was not even dark when the attack occurred at 1700. The Legal Assistance Office's official communique stated that as a result of the bullet wound, the nun will lose her right eye and might suffer other complications.

This is the second "death squad-style" attack against nuns. The first was on 3 November 1980, when Maryknoll Sisters Maura Clark and Ita Ford, Ursuline Sister Dorothy Hazel, and missionary Jean Donovan were murdered while traveling from Comalapa Airport to San Salvador.

The U.S. Embassy in San Salvador has yet to issue a statement on the attack.

Wounded Nun 'Out of Danger'

*PA2306012189 Panama City ACAN in Spanish
2355 GMT 22 Jun 89*

[Excerpt] San Salvador, 22 Jun (ACAN-EFE)—Medical sources reported today that the Irish nun, Sister Mary Stanislaus MacKey, who was shot in El Salvador by several unidentified men, is still in serious condition but out of danger. A spokesman for the hospital to which the nun was taken after being wounded along with two other nuns on 21 June, said: "The nun underwent surgery twice and she will most likely lose her left eye, but she is out of danger."

The two other wounded nuns are U.S. citizen Sister Ana Maria Brangan and Salvadoran Sister Juana Margarita Flores.

Church sources have said that MacKey is not a U.S. citizen but an Irish citizen who was sent to work in El Salvador in 1983 sponsored by the Archdiocese of Cleveland (U.S.A.).

The same sources told ACAN-EFE that MacKey, 72, will be taken to a U.S. hospital within the next few hours, but no further details were given.

Salvadoran Communications Minister Mauricio Sandoval condemned the attack on the nuns and said that Salvadoran authorities are conducting immediate investigations to apprehend those responsible for this attack. [passage omitted]

Cristiani on Dialogue Commission, Economy
PA2306044289 San Salvador Canal Doce Television
in Spanish 0300 GMT 22 Jun 89

[Report on interview with President Alfredo Cristiani by an unidentified reporter in San Salvador on 21 June]

[Text] Salvadoran President Alfredo Cristiani this afternoon said the dialogue commission will be formed this week. He said four of the six proposed people have already agreed to participate. In addition, the FMLN [Farabundo Marti National Liberation Front] is expected to change its mind and accept the peace proposal.

[Begin recording] [Cristiani] Four of the six people I asked to cooperate with in this effort for peace in El Salvador have already agreed to participate. [words indistinct]

[Reporter] The FMLN has been silent regarding the creation of this commission. [Words indistinct] a delay in the negotiations between the FMLN and the government?

[Cristiani] So far, we have not received any official reply other than what has been reported in the media. At the beginning, the FMLN refused to hold a dialogue. Later, they apparently hinted at an opening.

We had [words indistinct] in a formal effort, and once we have the commission formed we believe there is a possibility that a dialogue will ensue. [Words indistinct] We hope the FMLN will agree and that together we can search for peace in El Salvador and for an end to violence [words indistinct].

[Reporter] The political (?opposition) has been reporting that within the next few days you will be announcing drastic economic measures. Could you tell us something about them?

[Cristiani] Well, we have been studying the country's economic situation in depth. I believe next week we will be able to give a complete report on the economic situation. Obviously, within the broad framework of the government program that we presented during our political campaign, we have to start implementing specific measures. We cannot, however, implement the first measure until we have clearly established the real economic and financial needs of the country to justify implementing these measures [words indistinct]. I do not believe drastic is the adjective that describes the measures. When a problem exists, we have to find a solution to it and do whatever is necessary to solve it. [end recording]

Alfredo Cristiani also stated that the Executive Branch will submit the penal code reforms [words indistinct] to be approved to the legislative branch on Friday, 23 June. These statements were made a few minutes after he set the first stone on what is to be the new [words indistinct].

Shafik Handal Discusses Antiterrorist Law
PA2206195689 (Clandestine) Radio Venceremos
in Spanish to El Salvador 0000 GMT 22 Jun 89

[Report on interview with Jorge Shafik Handal, Farabundo Marti National Liberation Front (FMLN) commander; date and place not given]

[Text] When I asked Commander Jorge Shafik Handal about the FMLN's [Farabundo Marti National Liberation Front] opinion on the so-called antiterrorist law, the commander said the following:

[Begin Handal recording] The first thing that I must say is that Defense Minister General [Rafael Humberto] Larios has at last heard the people's final word. I could see this coming over the past few days. [Words indistinct] they did not commit. [Words indistinct] President Alfredo Cristiani himself said that it was not a law but reforms to the Penal Code and penal procedures. Others, such as [Vice President Francisco] Merino argued in favor of something like this.

None of them, however, was specific, and the project was turned over to the defense minister, who arrived at the Assembly [words indistinct]. He arrived with this package of laws. [Words indistinct] does not mean that the antiterrorist law does not exist. There has been talk of reforming the two codes, the Penal Code and the Criminal Procedures Code. The laws Larios took to Congress flagrantly violate our human rights and democratic freedoms. [Word indistinct] is an effort to have absolute control over the entire country.

The other law, the so-called law of authorization, registration, and control of private and group security personnel, is an indirect way of doing the same thing: [Words indistinct] law in response to the so-called antiterrorist law. [Words indistinct] their real names, in other words, the law of (?general repression). Who is all this [word indistinct], this legislation directed against? Against us [the FMLN]? No. We fight with them everyday. Furthermore, we have already spent long [words indistinct]. This law is directed against the Salvadoran people in general; it is directed against the democratic sector, against the various social and political groups that are becoming increasingly aware that it is necessary to save the country from this crisis, and to do so in a way that will ensure a real, authentic democracy and not this poor imitation of a democratic process and democratization which the government has been talking about.

The people are asking for true social justice; the people are asking for democracy; they are seeking a solution to the country's structural crisis by attacking the political, social, and economic causes of the crisis. The government knows that an increasing number of sectors, personalities, parties, and organizations are moving in this direction and are seeking a true solution to the national crisis. I repeat: They are seeking democracy, social

justice, and sovereignty, and the government is attempting to argue the issue. [Words indistinct] those laws. I would describe them as an effort to crush all opposition.

Those laws are not only directed against political or popular organizations; they are also directed against all the churches. Everyone knows that since this government came to power [words indistinct] Msgr [Arturo] Rivera y Damas from making any effort, and that the confrontation between the church and state is gradually worsening. [Words indistinct] and an increasing number of voices are being heard in favor of a (?democratic religion).

[Words indistinct] on an international level [words indistinct] concerns that ARENA's [Nationalist Republican Alliance] rise to power has caused the international community. This antiterrorist law has increased these concerns. THE WASHINGTON POST a few days ago published an article which clearly mentioned this situation, and also warned of the U.S. Administration's policy [words indistinct] the U.S. people.

[Words indistinct] an understanding with the death squads and death squad members [words indistinct]. THE WASHINGTON POST referred to the lists of death squad members' names which Mr Bush, when he was U.S. vice president, took in (?1986) to Duarte's government to demand that they be ousted from the country. Now they are returning. THE WASHINGTON POST has reported the return of three of them: Colonels Denis Moran, Caranza, and the [word indistinct] Regalado.

[Words indistinct] and THE WASHINGTON POST said that the prohibition against U.S. diplomats from establishing contact with D'Aubuisson and his people (?has been lifted). Even though D'Aubuisson organized an attempt on the life of former U.S. Ambassador [Thomas] Pickering, the U.S. Government has lifted that prohibition and there is now a growing understanding between the U.S. Embassy and that sector of the country.

We believe that the U.S. people have the right to know the truth. As long as the U.S. vice president believes that [words indistinct] human rights, [words indistinct]. This is a message for the Salvadoran people. Respect for human rights cannot be imposed by any (?foreign) government [words indistinct] the U.S. Government. [Words indistinct] throughout our nation's history, the only ones who can stop repression and achieve freedom are the people. We must recall [words indistinct] how in the past years they have been proclaiming what they described as winning the hearts and (?minds) of the people. This is the reason [words indistinct] that law [words indistinct] silence the press, close political opportunities, prevent popular demonstrations, prevent workers from struggling for their interests, etcetera, when they really had no possibilities of winning the affection, approval, or even the tolerance [words indistinct] the prelude to the defeat of this [words indistinct], the prelude to the defeat of [words indistinct] people's action.

I think that everything that is happening now in the big debate that this has provoked, the positions [words indistinct] shows that all the people [words indistinct]. In the past 5 years, the Salvadoran people have suffered from constant repression [words indistinct]. Their efforts secured political opportunities and greater freedom of expression than before. The government tried to present them as concessions. One thing is now clear. Those were achievements that they are now trying to snatch away. I would like to stress something and to issue a call to the people. The laws have yet to be passed, but the repression [words indistinct]. To repeat the words of Msgr Rosa Chavez, there is an endless line of victims who are reporting the repression. Therefore, the confrontation with repression already exists, whether or not the laws are passed. Those laws have to be defeated now, before they are enforced. If they are passed, [words indistinct] they will be simply worthless pieces of paper that the people do not respect [words indistinct].

I would like to state that the FMLN General Command is absolutely convinced that the Salvadoran people are not frightened [words indistinct]. There is the absolute belief that in light of the events taking place [words indistinct], what is happening is a prelude to a great battle for democracy, freedom, [words indistinct], social justice, and the solution to the country's crisis in the way that the great majority needs [words indistinct]. [end recording]

Arrested Peasants Allegedly Aided FMLN
PA2206131489 San Salvador Radio Cadena YSU
in Spanish 1800 GMT 21 Jun 89

[Report by Carlos Ernesto Rugama]

[Excerpts] The Salvadoran Nongovernmental Human Rights Commission today presented a group of residents from various northern Usulután Department communities. These residents reported that National Guard members had arrested six cooperative members on 16 June.

The peasants informed the press that these people were violently taken from their homes and arrested early in the morning of 16 June, and accused of belonging to the FMLN [Farabundo Martí National Liberation Front]. The six arrested peasants were taken to National Police Headquarters in the eastern city of Berlin.

The residents presented before the press explained that the military threatened area residents and promised to reactivate the death squads in the area if those arrested did not confess to their membership in the FMLN.

[Begin unidentified resident recording] We, the residents of northern Usulután Department, realize that these arbitrary arrests are nothing new; they have been happening for some time now. We are very frightened by these arrests, because we work in cooperatives and are simply struggling for the ISTA [Salvadoran Institute of Agrarian Transformation] to give us a plot of land. We

are not members of any organization that is part of the FMLN or the FDR [Revolutionary Democratic Front]. It is not true that we are members. [end recording] [passage omitted]

The communities affected by the Armed Forces arrests and constant threats are San Simon, Santa Cruz, Las Burras, and Talpetate in northern Usulután Department. The peasants said that the ISTA cooperatives only carry out agricultural work. They asked that the Armed Forces High Command immediately release the peasants under arrest, because this year's planting season has just begun and they need those peasants' help. The National Guard reported that the arrested peasants were sent to various courts and charged with supplying food for the rebels and transporting FMLN weapons. [passage omitted]

Radio Venceremos Reports 18-21 June Fighting
PA2206225289

[Editorial Report] (Clandestine) Radio Venceremos in Spanish to El Salvador at 0008 GMT on 22 June broadcasts approximately 12 minutes of reports on recent clashes between Salvadoran Army forces and Farabundo Martí National Liberation Front (FMLN) guerrillas.

The radio begins by repeating a previously reported FMLN attack on a UH-1N helicopter in San Gerardo, San Miguel Department, at 1700 on 20 June, adding that the helicopter made an emergency landing in San Luis de la Reina. The announcer says that at 2000, FMLN troops "successfully attacked Salvadoran troops, who fled in disarray from the area." The radio adds that "approximately three enemy soldiers were killed and four were wounded" in the attack and that "500 rounds of M-16 ammunition, two knapsacks, and other equipment" were seized by FMLN forces in northern San Miguel. The station says that there were no FMLN casualties.

The radio continues with a report of a 20 June FMLN attack on Atlacatl Battalion troops on Guazapa Hill in which "1 Salvadoran Army soldier was killed and 12 were wounded by mines" when "four Atlacatl companies entered our Guazapa territory from four fronts and walked into mine fields in La Cruz, El Rincon, and Los Mazariegos cantons." The announcer adds: "The Atlacatl Battalion troops were immobilized after their encounter with the mines, so at 0430 on 21 June, we attacked the command post of another company."

The station also reports that at 1900 on 19 June, FMLN forces using RPG-7 rocket launchers ambushed an Army armored personnel carrier at San Cristobal junction, Lolotique jurisdiction, inflicting five casualties on Cavalry Battalion soldiers who were traveling in the armored vehicle. The announcer says that FMLN sharpshooters also inflicted one casualty on the Atonal Battalion at 0500 on 18 June in El Congo, San Agustín jurisdiction, Usulután Department. According to the report, this

action was repeated on 19 June. The report adds that at 0330 on 20 June, another soldier was wounded in Nombre de Dios, also in San Agustín jurisdiction.

The radio says that the Salvadoran Army continues its practice of "psychological warfare" against civilians, who are "arrested and accused of being guerrillas." The station denies that "eight guerrillas surrendered to the 3d Infantry Brigade, as the Armed Forces Press Committee has reported. Three civilians were arrested during an Army operation and were later accused of being guerrillas." The announcer says that the Army is doing the same thing in Usulután, "where women, children, and old people have been accused of being guerrillas."

In conclusion, the announcer says he has a last-minute report from San Agustín on an FMLN attack on the Atonal Battalion in Nombre de Dios, San Agustín jurisdiction. According to the report, "four soldiers, including a lieutenant, were wounded during this operation."

Guatemala

Spokesman Assures Press Seclusion at Farm Normal
PA2206161089 Hamburg DPA in Spanish 1527 GMT
22 Jun 89

[Text] Guatemala City, 22 Jun (DPA)—Presidential Press Secretary Claudia Arenas reported today that Guatemalan President Vinicio Cerezo is working in seclusion at the Santo Tomas presidential farm, located some 45 km south of the capital, for security reasons.

Arenas said that the president's general staff recommended that he take security measures "which can be described as normal," and, for this reason, he will remain at the farm, which has every convenience to allow the president to work in comfort.

A few weeks ago it was reported that there was a so-called "Manila Plan" to assassinate the president involving a "Libyan commando unit," which had reportedly arrived in Guatemala. Government circles discounted the report as ridiculous and said that it was prompted by special interests.

Nevertheless, presidential general staff military personnel recommended to Cerezo that he spend some time at the Santo Tomas Presidential Farm (which is government-owned) and not at the presidential residence in the Guatemalan capital, where President Carlos Castillo Armas was assassinated in 1975, presumably by a member of the presidential guard. The plot has never been fully explained.

Post Office Workers Join Teachers' Strike
PA2206212089 Paris AFP in Spanish 0601 GMT
22 Jun 89

[Text] Guatemala City, 21 Jun (AFP)—The employees of Guatemala's Post Office and Telegraph General Directorate [Dirección General de Correos y Telégrafos] partially stopped work today and threatened a general strike to support the striking teachers who are demanding a salary raise.

A leader of the National Association of Mid-Level Teachers said: "The teachers' demands are just; if the government does not meet them, other government institutions will join our movement to paralyze the administration completely."

The majority of Guatemalan teachers—the country has 8.5 million inhabitants—are on strike because the government refuses to grant them the salary raise stipulated by law.

The teachers, who earn between \$150 and \$200 a month, are demanding a \$75 raise.

The strike, which started in Guatemala City more than 2 weeks ago but has not been strong, has gradually expanded and now threatens to paralyze all of the country's educational centers. In Guatemala, half of the population is illiterate.

"We will demand that the government abide by the law. We are determined to struggle to the end for our demands," one of the strikers said today during a demonstration through Guatemala City's downtown streets.

Both President Vinicio Cerezo and Education Minister Ricardo Gomez said "it is impossible" to raise the teachers' salary because of a lack of money. Cerezo and Gomez said, however, they are willing to talk with the teachers.

Claudia Arenas, the Presidency's public relations secretary, pointed out today: "The government is determined not to grant salary raises to any sector, because such raises would eat up resources already earmarked for development projects."

Minister Gomez, who aspires to be named presidential candidate for the Christian Democratic Party, has threatened to fire the striking teachers if they do not abandon their demands.

The teachers today repeated that they will continue to protest in the streets, which they have been doing with demonstrations that end in front of the Presidential Palace in the center of Guatemala City. The post office and telegraph workers joined the strike today.

According to observers, Cerezo's government is confronting a climate of increasing social unrest that threatens to paralyze key government sectors.

Honduras

Azcona Letter to Ortega on D'Escoto Statements
PA2306014289 San Pedro Sula LA PRENSA
in Spanish 22 Jun 89 p 3

[Letter from President Jose Azcona to Nicaraguan President Daniel Ortega on Nicaraguan Foreign Minister Miguel D'Escoto's statements in Venezuela—dated 21 June in Tegucigalpa]

[Text] Tegucigalpa 21 June 1989 His Excellency Commander Daniel Ortega Nicaraguan President Your Excellency:

The Honduran media have printed the disrespectful statements made by Foreign Minister Miguel D'Escoto in Caracas, Venezuela, on 20 June.

We strongly reject Mr D'Escoto's irresponsible and offensive statements and point out that they were made at a time when the Central American presidents are making efforts to achieve peace and internal democracy in each of our countries.

According to the information we received, D'Escoto accused my government of establishing a narcostate in Honduras and said that the Central American summit should not be held here.

There is nothing as grotesque and rude as these unfounded claims, which, by the way, are disrespectful to you, Mr President, because they contradict a joint accord we signed at Costa Del Sol, El Salvador, in which we designated Honduras as the host country of the upcoming Central American summit.

I do not want to think that the foreign minister's irresponsible statements were a political maneuver to boycott the summit, which has been scheduled for 7, 8, and 9 July 1989 in the port city of Tela. In conclusion, I must inform you that we await a reply from Your Excellency to confirm the holding of the presidential summit on these dates.

I take this opportunity to extend my highest and most esteemed regards.

[no signature as published]

Commentary D'Escoto Remarks

PA2306033289 San Pedro Sula LA PRENSA
in Spanish 22 Jun 89 p 7

[Text] Tegucigalpa—Eugenio Castro Claramount, the information director of the Foreign Ministry, has described as a diplomatic blunder the statements made by Nicaraguan Foreign Minister Miguel D'Escoto against President Jose Azcona Hoyo, to the effect that he is "establishing a narcostate in the country."

It was reported in Caracas that the Sandinist foreign minister had ruled out Honduras as the site of the presidential summit scheduled for 7, 8, and 9 July, and he said he did not like the idea of President Daniel Ortega attending the summit here.

In an interview with an international news agency, D'Escoto said that it is not possible to hold a presidential summit on the abovementioned dates because several leaders will probably attend the inauguration of Argentine President-elect Carlos Menem at that time.

Evidently disgusted, Castro Claramount said that the leader of Nicaragua is Ortega and not D'Escoto. Castro Claramount added that D'Escoto was temperamental and disrespectful of the country and President Azcona.

Foreign Minister Carlos Lopez Contreras could not be reached for comment on this matter since he is in San Pedro Sula with a delegation of Chinese investors who are touring several cities in the country to conduct investment feasibility studies.

Nicaragua

Reportage on Possible Archbishopric Mediation

CDN Leaders Question Role

PA2206185389 Managua Radio Corporacion
in Spanish 2300 GMT 21 Jun 89

[Text] The top leaders of the Ramiro Sacasa Democratic Coordinating Board [CDN] met yesterday with His Eminence Cardinal Miguel Obando y Bravo and expressed to him their concerns and anxiety concerning national problems and most particularly the decision by Commander Daniel Ortega to ask him to act as mediator with the United States.

The Nicaraguan politicians outlined to Obando y Bravo the need to hold a national dialogue to meet the political conditions to hold clean elections.

The commission that visited the cardinal was headed by CDN President Carlos Huembes Trejos.

Obando y Bravo Prepares Response

PA2206142689 Managua Radio Sandino in Spanish
1200 GMT 22 Jun 89

[Text] Cardinal Miguel Obando y Bravo has said: As a citizen and a pastor I am interested in peace in Nicaragua. He added that, after a time for reflection, he may respond today, Thursday, to President Daniel Ortega's request to serve as mediator in a dialogue between the governments of Nicaragua and the United States.

The cardinal remarked that he is used to receiving all kinds of visitors at the archbishopric's offices and added that some people thought that he was being manipulated. However, it is a matter of searching for the country's good.

In another development, diplomatic sources described as evasive the remarks in an unofficial statement made Tuesday by a U.S. State Department spokesman that Bush would not be interested in a dialogue with Nicaragua. The sources said that the U.S. President would hardly refuse to accept Cardinal Obando y Bravo as a mediator in a peace effort between the two governments.

Nevertheless, Adan Fletes, leader of the PDCN [Christian Democratic Party] admitted yesterday that a group of politicians of the Ramiro Sacasa Coordinating Board

visited the cardinal on Tuesday to ask him not to intercede as a mediator in the effort to ease the strain in Nicaragua's relations with the U.S. Government.

Obando y Bravo Sends Answer

PA2206212889 Panama City ACAN in Spanish
2034 GMT 22 Jun 89

[Text] Managua, 22 Jun (ACAN-EFE)—Nicaraguan Cardinal Miguel Obando y Bravo today sent a letter to Nicaraguan President Daniel Ortega in reply to his request for the cardinal's mediation with the United States. He did not, however, disclose the contents of his reply.

"We must be courteous and wait until President Ortega receives the letter. Maybe tomorrow (Friday) we will be able to inform you about our reply," Obando y Bravo told journalists gathered at the Archbishopric's Curia, on the outskirts of Managua.

Obando y Bravo's only comment was that his decision was "carefully pondered."

On 19 June, Ortega visited Cardinal Obando y Bravo at the Curia to request his mediation with U.S. President George Bush to arrange a dialogue between the governments of Managua and Washington aimed at normalizing the increasingly deteriorating relations between the two countries.

Each time Cardinal Obando y Bravo has been asked to mediate in the past, he has first clarified that to act as mediator, he must be accepted by both sides.

President Ortega's request to Obando y Bravo took place the day after the cardinal said President Bush is seeking a negotiated solution to the Nicaraguan conflict.

Yesterday, the U.S. Government rejected President Ortega's initiative and urged the Managua Government to resume dialogue with the Nicaraguan civic opposition.

Obando y Bravo Declines Proposal

PA2306015689 Hamburg DPA in Spanish 0036 GMT
23 Jun 89

[Text] Managua, 22 Jun (DPA)—Archbishop of Managua Cardinal Miguel Obando y Bravo today declined to serve as mediator between Managua and Washington, saying that one of the parties officially placed conditions on the dialogue.

Nicaraguan President Daniel Ortega today received Cardinal Obando y Bravo's response to the proposal he made to the cardinal 4 days ago. Ortega asked Obando y Bravo to promote a political dialogue between the Nicaraguan and U.S. Governments.

In his letter, Obando y Bravo told Ortega that "the two parties involved in the dialogue must welcome and be willing to hold that dialogue" and that "because one of the parties involved officially placed conditions on it, I believe it is not possible for me to serve as a mediator for the time being."

The prelate added: "As a clergyman, I will continue to take the necessary steps to achieve peace in Nicaragua, a peace that should be supported by love, truth, justice, and freedom."

Ortega said that it must be clearly stated that Nicaragua has made efforts to hold a dialogue with the United States but that Washington wasted no time in making the dialogue contingent upon the fulfillment of the Esquipulas agreement and the results of the 1990 elections.

Ortega added that he understands Cardinal Obando y Bravo's response and praised his attitude. Ortega added that the United States has erected a "wall" that prevents the normalization of relations through a political negotiation.

Ortega stated that in the last few years, the Sandinist government has been talking with Nicaraguan opposition groups and organizations, but that they have not reached any agreements because of the opposition's "antagonistic positions."

Ortega added that his government has even talked with the contra movement and "the only thing left is to talk with the Yankees, but they do not want to talk and reject the role of mediator that we proposed for the cardinal."

SI Invited To Observe Nicaraguan Elections

PA2206185189 Managua Radio Sandino in Spanish
1200 GMT 22 Jun 89

[Text] Commander Bayardo Arce Castano, Sandinist National Liberation Front delegate to the 18th Socialist International congress under way in Sweden, said that the Nicaraguan Government invited Socialist International to send observers to the 25 February 1990 elections in Nicaragua. Nicaragua believes that this is the best way to counter U.S. aggression. Socialist International observers will join other observers sent by the OAS and the United Nations, who were invited earlier by President Daniel Ortega Saavedra. Arce said: We feel that this is the best way to stop the U.S. aggression, because if the United States does not accept the legality of the elections, the war drums will be beaten once again. Commander Arce added that the observers have been invited to begin their election monitoring activities immediately.

The Socialist International congress heard a detailed report on the Central American situation, particularly the situation in Nicaragua. In his report, Arce emphasized the importance of the upcoming Nicaraguan elections. The elections will not only help improve democracy, but will also gauge the political will of the U.S.

Government. The Sandinist revolutionary leader insisted: I believe that the time has come for the United States to stop imposing its policy in the region and to respect the people's right to self-determination, as will be expressed at the Nicaraguan elections.

D'Escoto Reiterates Charges Against Honduras

PA2206213089 Hamburg DPA in Spanish 1922 GMT
22 Jun 89

[Text] Caracas, 22 Jun (DPA)—Nicaraguan Foreign Minister Miguel D'Escoto today reiterated in Caracas his accusations against Honduras because of its "submissiveness" to the United States and the growing influence of drug traffickers on that country's politics.

Saying that he was not aware of the protest raised by Honduran President Jose Azcona Hoyo, the Nicaraguan foreign minister reassured that there is evidence to conclude that Honduras is becoming a "narcostate."

He pointed out that the evidence will be turned over to the International Court of Justice [ICJ] at The Hague and noted that a major portion of the evidence consists of newspaper reports in Honduras, where charges are raised daily about growing corruption and the influence of the drug mafias in government offices.

In addition, D'Escoto lashed out at Honduras because of its "capitulation" to U.S. policies, and he said that the Honduran Government first consults with Washington before taking positions on Central American issues.

For these reasons, he said, Nicaragua does not support the Central American summit that is scheduled to be held in Honduras in July. He noted that the summit has not yet been formally organized and that the date that has been suggested coincides with the inauguration of Argentine President-elect Carlos Saul Menen, which two Central American heads of state are expected to attend.

The foreign minister insisted that Nicaragua is faithfully complying with the Esquipulas II agreement and is getting ready to hold clean presidential elections, which the United Nations and the Organization of American States (OAS) have been invited to observe. This has not been done by the other countries in the region when holding elections, he added.

He again accused the United States of engaging in a disinformation campaign to discredit the Nicaraguan elections and mocked U.S. Vice President Dan Quayle's statement regarding the existence of a Cuba-Nicaragua-Panama "axis," saying that such a statement must be taken with a "ton of salt." "Do not believe him," he said.

When questioned about the foreign debt, D'Escoto said his country clearly realizes that obligations have to be met. He warned, however, that "if we have to choose between people starving to death and making debt payments, we prefer not to pay." That debt is "uncollectible and unpayable."

The Nicaraguan foreign minister said that an austere economic plan is in effect in Nicaragua and that the people, "who have confidence in the government's moral authority," understand it. In his opinion, if one-tenth of this plan were implemented in any other Latin American country, the government would collapse.

Government Expropriations Generate Controversy

Decree Explains Government Action

PA2206150189 *Managua Radio Sandino in Spanish*
1202 GMT 22 Jun 89

[Text] The revolutionary government decided to expropriate private properties belonging to Nicolas Bolanos, Jaime Cuadra, and Arnoldo Aleman, because they assumed confrontational and anarchic attitudes and tried to sabotage the process of reaching concerted agreements. The ministerial decree was sent by Jaime Wheelock, agricultural development and agrarian reform minister, to the Agrarian Reform Directorate for implementation. Wheelock based the government decision on the fact that these gentlemen—members of UNCAFENIC [Nicaraguan National Coffee Growers Union], which is affiliated with the COSEP [Higher Council of Private Enterprise]—have assumed attitudes that go against the efforts to achieve the unity necessary to confront the crisis in Nicaragua.

Their attitudes, Wheelock explained, have led to a rapid deterioration of the producers' unity, because producers are being encouraged to block efforts to reach agreements, to overthrow the government, and to establish a government of national [word indistinct]. Wheelock said that the government cannot allow situations that will impede obtaining concerted agreements. He added that it is unfair that while the peasants and workers have made sacrifices, even sacrificing their lives, these landowners—who have benefitted from the government's economic programs—take actions against the revolution.

The ministerial decree appoints Manuel Duarder legal intervenor of Jaime Cuadra's property, Alvaro Marengo intervenor of Nicolas Bolanos' property, and Enrique Chavarria intervenor of Arnoldo Aleman's property. Wheelock warned that the government will not tolerate attitudes that impede the government's efforts to promote concerted agreements. He added that no more expropriations will be made.

[Begin Wheelock recording] We are basing our decision to expropriate properties on the fact that, first, those owners have assumed attitudes that promote anarchy among themselves and other producers. They are leaders

of a coffee growers organization. Second, their attitudes about a producer's duties are irresponsible, given the difficult times the country is facing. Third, they have assumed a confrontational position that hinders the process of reaching concerted agreements.

We are developing an agrarian reform policy to confront the crisis. The government has taken steps to help the large landowners. In other countries, holding private property is incompatible with the improvement of rural social and economic conditions. [end recording]

Minister Wheelock added that there are two private sector groups that regard the current situation quite differently. On the one hand, there is the COSEP, which is involved in sabotage, the flight of capital, contraband, and other activities that go against national efforts. This attitude only helps polarize the parties involved in the crisis and deepens the class struggle. Such activities go against the efforts made by the workers and peasants to help the country overcome the economic crisis, Wheelock said.

On the other hand, there is another private sector group whose attitude can be described as patriotic. Wheelock said that this group provides constructive criticism and that the government can talk to them and reach understandings. Minister Wheelock warned that the negative attitude assumed by the other private sector group merely destroys unity and leads other producers to an irresponsible confrontation with the government through the manipulation of their economic problems. This situation, Wheelock said, was evident in Matagalpa, where Bolanos, Cuadra, and Aleman used a coffee growers meeting to urge producers to overthrow the Sandinist government.

Official Denounces COSEP 'Plan'

PA2306003589 *Managua Radio Sandino in Spanish*
1938 GMT 22 Jun 89

[News conference given by Lenin Cerna, vice minister of the interior, at the presidential palace in Managua; live—monitored in progress]

[Text] [Cerna] ...the things they can do here. They will take advantage of any [word indistinct] to [word indistinct] their activities. As we have said, we are subject to the laws of the republic, and if the revolutionary laws are affected, we will make use of those laws to punish those who promote violence. Concerning the money...

[Reporter, interrupting] [Passage indistinct]

[Cerna] We are monitoring that. This is somewhat ambiguous, but that is all we can say now. We are monitoring the money issue, as I have said, and there are laws that we will implement in this regard. We are not going to create these laws because they already exist.

There are laws dealing with the money issue, the resources, and they apply to all citizens, all political organizations, and we are going to implement them.

[Moderator] Luis Cabrera of Radio Sandino now has the floor.

[Cabrera] Commander Lenin Cerna: COSEP hosted a news conference just 1 hour ago. Mr Ramiro Gurdian [COSEP leader] said he had talked with Mr Nicolas Bolanos, whose land has been declared public property, and that Bolanos was under house arrest, together with some U.S. citizens. Bolanos said he is married to a woman named Barbara and that they have children and grandchildren who are U.S. citizens. Will this be used by the U.S. administration as a pretext to try to punish Nicaragua for what is being done to persons who are said to be U.S. citizens in Nicaraguan territory and to protect their lives? This seems to be what Ramiro Gurdian wants.

[Cerna] This is precisely what we are talking about. And we are talking about the same people. Instead of Ramiro, this man should be called Gurdian the provocateur. He is a professional provocateur in the service of the CIA and the worst sectors of the U.S. Government. This man Gurdian receives a salary not for being an entrepreneur—he is not really an entrepreneur—but for continuously following U.S. orders. What he says is a lie, a provocation. This man Gurdian is a professional liar. Since Mr Bolanos is married, thank God, to an American citizen, he has American citizens in his home. His children are Americans. So this man, a typical provocateur of the extreme right, is taking advantage of these circumstances to instigate trouble for the revolutionary government.

This man Bolanos is not under arrest. The fact he is with American citizens is because he is married to an American and his children are Americans. I want to stress this issue. This provocateur, who is at the service of the U.S. administration, is one of those who participated in the preparation of this document. He has participated in preparing and recommending the strategy and tactics for using the political parties as instruments.

This is something important that we must point out. These men are entrepreneurs and producers, but they are also directing politics. They are trying to direct the policies of the groups that are opposed to the revolution.

[Moderator] Antonio [last name indistinct] of the Spanish press agency EFE.

[Antonio] [Passage indistinct] Could you explain what this Blue and White Plan is all about?

[Cerna] We are going to give you a document on the plan. It is a plan for government that these people [from COSEP] have. Following U.S. orders, this document was

prepared abroad because it had to take the counterrevolutionaries into consideration. The document was brought in by Mr [John] Leonard [U.S. Embassy charge d'affaires] and other individuals, even some diplomats, and disseminated in the country. This document is a plan for government that they would like to implement. The interesting thing is that it came from abroad, that it is sponsored by an organization for democracy. It is interesting that there are CIA officials behind all this. It is interesting that the plan was not drafted by, quote, the Nicaraguans of COSEP, unquote. It is interesting that COSEP is passing this plan on to the political parties so these parties will accept it as a government platform.

[Reporter] [Question indistinct]

[Cerna] Yes, he was present and he participated. I think that since the plan was already drafted, he merely gathered opinions on what he had presented.

[Reporter] Will there be any measures against Leonard?

[Cerna] Right now, we are not considering an expulsion. We want people to know about this. This is what we are doing now. We are talking here about what is being done. We want the people to know what is happening, to learn of the ideas, behavior, and plans of these people. We are also announcing what our plans are regarding this situation. In the war situation, we also denounce the activities of this new front of the U.S. administration. It is supporting the mercenaries, but according to the official statements by [name indistinct], the plan was to include 3,000 persons who were to stage a boycott activity against a specific target. We can now say that the counterrevolutionaries have instructions to force the people not to participate in military actions.

Not only that, they are now telling the people not to vote for the FSLN [Sandinist National Liberation Front] but to vote for the opposition. They are telling the people to vote for the opposition because what happens in the future will depend on who wins. What is their objective? To fulfill a part of the plan because if the FSLN wins, then—so they say—the North Americans will have to negotiate and the war will be over.

This is, of course, true, so it means that the counterrevolution is finished. If the counterrevolution's *modus vivendi* changes ... [changes thought] Thus, their real objective is to defend the counterrevolution's *modus vivendi* right now when its military plans have been totally defeated.

[Reporter] Vilma Areas from BARRICADA. [Words indistinct] they are attempting to coordinate forces with the counterrevolution [words indistinct] using illegal means [words indistinct]. What is the country's military situation at present? What is [word indistinct] that the contras are coordinating within this plan?

[Cerna] As I said earlier, the latest study conducted with our EPS [Sandinist People's Army] comrades on the military situation indicated the following:

First, the contras have been sending groups of mercenaries into the country, and there are approximately 3,000 contras in the country now. This fact stands out because the contras have publicly, through one of their spokesmen, stated that in the next phase they would send a force of up to 3,000 men to fulfill certain objectives and maintain their political activity within the country. What has happened? They have indeed sent the men. What have they told these men to do? They have told them to threaten people who plan to vote for the FSLN. These men have been ordered to tell people that they are going to destroy the ballot boxes wherever the FSLN wins. They will soon think something up about electoral [words indistinct]. This, of course, leads us to believe that their campaign is based on two objectives: One, the contras are trying to keep people from voting. Two, as I said previously, they are openly urging people to vote against the FSLN.

In addition, they have told their men to continue to kill those who work in cooperatives, people who do not want war, and even people who previously supported them but who are no longer willing to support them, who are tired of war and can no longer tolerate the contras' abuses. They have already started to murder these people. Thus, we have encountered a situation—that will have to be reported and documented in the future—where people who we had listed as firm supporters of the counterrevolutionary forces, have been murdered, kidnapped, and their women have been raped.

In other words, those counterrevolutionary groups are using the same policy they apply to those they called Sandinists. This is what the current military situation is like.

The counterrevolutionaries know they are not strong enough to carry out large-scale military plans. To prove they are not crushed, they are using the forces they have to murder people, destroy cooperatives, attack certain targets, such as the Central America Hydroelectric Plant, a production plant in Region 6, and some cooperatives in Region 5. In addition, the counterrevolutionaries kidnap people. In Region 5, the counterrevolutionaries have abducted a Swedish citizen and a German citizen.

All these actions prove that the counterrevolutionaries' activities have always been the same. They have only altered the frequency of their operations because they lack resources and support from the civilian population.

The counterrevolutionaries, however, have introduced a new factor in their operations: They threaten the people and order them not to vote in the upcoming elections. That is the information we can give you regarding the current military situation.

[Moderator] The last question now, please.

[THE WASHINGTON POST reporter in English with simultaneous translation into Spanish] Commander, [words indistinct] what immediate activities [words indistinct] what illegal activities is the government talking about now? Is it illegal to receive money even if it comes from the Central Bank of Nicaragua? Is it illegal to meet with U.S. Embassy officials? Is it illegal to draft a government program of civilian [word indistinct]? Is the government talking about illegal activities or potential crimes?

[Cerna] Listen, we are talking about plans and actions. We are talking about plans and actions. [Cerna repeats himself]

A meeting with officials of any country or organization—and this must be very clear—a meeting with officials of any country, any nationality, or ideology that is held to discuss actions against the legally established Government of Nicaragua is illegal here. That is an illegal act for us.

Also, why do you think that we would not consider a threat against our government illegal? How can we not consider a meeting between people who are against the Nicaraguan Government—some of whom were members of the counterrevolution up until recently—with those who have promoted and sponsored murderous plans against our people illegal?

How could we not consider illegal a meeting among people who have openly admitted that the destruction of our country is their state policy?

I think I answered your question earlier. Up until this moment, we have neither arrested Mr Gurdian, Mr Bolanos, Mr Goicochea, or Mr Cuadra. We have not arrested them.

We, however, are discussing this situation to let our people know what is happening in the country. We are talking about the origins of those meetings.

Those meetings will bring death into our country. They will and are already creating an internal, critical situation. We are warning the Nicaraguan people about this. You can be sure that if demonstrators hold a rally with the expressed intention of attacking the police, the authorities, and the revolutionary people, we will not be able to predict what will happen in such a situation. We cannot guarantee that people will not be killed or injured. For that reason, it is our responsibility to warn the people and let them know what is happening in our country.

Ortega: Coffee Growers 'Chickens'
PA2206210689 Panama City ACAN in Spanish
1904 GMT 22 Jun 89

[Text] Managua, 22 Jun, (ACAN-EFE)—The Nicaraguan president today described the three coffee producers whose plantations the Sandinist government expropriated as "chickens," "because they encouraged production anarchy and social chaos."

While speaking before university students and teachers in Managua, Ortega said that the three producers (Jaime Cuadra, Nicolas Bolanos, and Arnaldo Aleman) "are now trying to act tough, but they are really chickens."

Commander Jaime Wheelock, agricultural-livestock development and agrarian reform minister, expropriated the three coffee plantations because they were constantly undermining the economic agreements set up by the revolutionary government in February.

Ortega said that it had been more like an "intervention" instead of an expropriation, and he warned producers who may have the same intentions as Cuadra, Aleman, and Bolanos to straighten out, "because if they do not, they run the same risk."

Ortega said: "We are not following a confrontational policy, but neither are we afraid of class struggles."

"The problem with the producers is that they act like capitalists but want the government to act like socialists and they demand all sorts of guarantees," Ortega added.

Ortega also said that he had asked for the mediation of Nicaraguan Cardinal Miguel Obando y Bravo because he has the trust of the groups who attack the revolution.

On Monday, Ortega requested Obando y Bravo's mediation, not only to intercede with the U.S. Government to try to reestablish relations between the two countries, but also to talk with the producers who are against the revolution and to ask for their cooperation.

Ortega said that 6 months after starting the economic project in Nicaragua, the political parties still do not have a mature attitude.

Ortega also regretted that the international community has not reacted more to the suffering of the people and added that the aid received so far is too little if one takes into account the country's great needs.

COSEP Scores Government

PA2306021789 Managua Radio Corporacion
in Spanish 2305 GMT 22 Jun 89

[Communique issued by the Higher Council of Private Enterprise (COSEP) in Managua on 22 June; read by COSEP Vice President Jaime Icabalceta—recorded]

[Text] The COSEP is observing with concern the pain and hunger of the Nicaraguan people caused by the economic policy imposed on the nation by the Sandinist government leaders.

COSEP understands the anguished demands of teachers, taxi drivers, and workers who, being among the sacrificial victims, are witnessing a continuous deterioration of their purchasing power. The situation created by the government has left the country prostrate and in a state

of unprecedented confusion, and it has become impossible for productive efforts to generate the fruits that the country demands. A quick look at the situation over the years is enough to show that the major portion of the blame, which the Sandinist government has tried to ascribe to the private sector, lies with the Sandinist government, starting with its confiscation of the property of hardworking, efficient producers in violation of its promise to respect private property.

It is not for lack of aid and cooperation that the government has brought Nicaragua to ruin. It has received large-scale donations of all kinds. Nor has the government lacked money, because the foreign debt has grown more than it should. Yet the country is in abject poverty, on the verge of economic collapse with no sign of the fruits of the investment of such a large amount of capital and other funds, except in the buildup and arming of a disproportionate military system.

The government has an entire media system at its disposal that is full of lies: delirious praise for the government; slander and offenses for the producers, who it claims have become politicized simply because it has been unable to subdue these producers. But the FSLN is allowed to be involved in politics and in all areas of production. In many cases, its members are absolute owners and have formed huge monopolies. They have taken over the financial system, imports, and exports. They dictate wages and salaries. They set prices for producers.

They pay when they want to, when they feel like it.

In 1981, COSEP's six presidents were sentenced to 7 months in prison. Three of them served 4 months and three of them have remained in exile only because they signed a letter addressed to Commander Daniel Ortega which, in essence, said: Today the nation's economy is breaking down, production is not showing signs of recovery, Nicaragua is on the verge of destruction, and we are reaching the point of no return. We must make it clear to you and to posterity that the Nicaraguan private sector supported and will continue supporting the legitimate Nicaraguan revolution, but it definitely will not support a Marxist-Leninist plan that will only bring more bloodshed and suffering to the Nicaraguan people.

We said all of this in 1981 and it turned out to be prophetic. The results of the Sandinists failed adventure are reaching a climax. During the 18 April meeting with producers at the Olof Palme convention center, the government promised to respect private property. Those promises were invalidated today by the confiscation of properties from Nicolas Bolanos, Arnaldo Aleman, and Jaime Cuadra, all because they called a meeting of coffee producers in Matagalpa to protest the Central Bank's abusive disposal of funds from coffee sales.

The FSLN wants a submissive and obedient private sector, an agreement whereby only FSLN decisions will prevail. Who can believe in an agreement with a government that is not capable of keeping its word for 2 months? Commander Wheelock's statements to the effect that the same action will be repeated as often as necessary is indicative of a government decision to continue implementing the threat President Ortega made in Leon and, assuming that this is only the beginning, the entire agricultural sector and the production and service sectors are in danger.

The producers have been condemned as unpatriotic when it is the government that, consciously or unconsciously, is unable to respond to the crisis and has left the farmers in general without means of production by denying them funds and banking services.

In response to this situation, we ask the international community, especially the heads of state with whom President Ortega met during his European tour, to compare the FSLN's promises of a mixed economy, political pluralism, and respect for society to its human rights violations record in Nicaragua.

We must warn the Central American presidents that in the midst of its confusion the Sandinist government is trying to create upheaval within the Nicaraguan private sector with its confiscatory aggressions and is leading the country to total radicalization as an alternative to a democratic process in which a government would be elected in free and [word indistinct] elections.

The private sector informs the Nicaraguan people that it will continue its struggle to recover Nicaragua because it cares about Nicaragua.

Managua, 22 June 1989

Commissions Lose Businessmen

PA2306011089 Managua Radio Corporacion
in Spanish 2322 GMT 22 Jun 89

[Report by Adolfo Pastran Arancibia]

[Text] This afternoon, Nicaraguan businessmen belonging to FAGANIC, the Federation of Nicaraguan Cattle-men's Associations, which is part of the Higher Council of Private Enterprise [COSEP], have decided to withdraw definitively from the National Cattlemen's Commission, which is run by the Sandinist government.

Also, the private Nicaraguan Cotton Growers Association, also belonging to COSEP, has also decided to withdraw definitively from the National Cotton Commission, which is also run by the Sandinist government.

We have just been informed that these two COSEP associations are meeting right now in the offices of the Union of Agriculture and Livestock Producers of Nicaragua, and we will be reporting throughout the night the official documents released by these organizations regarding their withdrawal from the government commissions.

Further on COSEP Reaction

PA2306014889 Managua Radio Corporacion
in Spanish 2350 GMT 22 Jun 89

[Text] First, we must thank God the Sandinists have not killed us yet, said Enrique Bolanos, a Nicaraguan businessman and honorary president of the Higher Council of Private Enterprise.

Bolanos was referring to the unjust confiscations announced yesterday by the government against three coffee producers affiliated to COSEP who were accused of boycotting economic measures. Let us hear Enrique Bolanos' statement:

[Begin recording] [Bolanos] First, there is no doubt in our mind that the Sandinist National Liberation Front [FSLN] is doing everything possible to prevent the elections scheduled for February 1990. It has promised the world it will hold free elections; however, it knows it will lose those elections overwhelmingly. In addition, it will not be able to stand the acid of criticism during the campaign, criticism of its bad administration, which has ruined and sacked the country and brought more hunger to Nicaraguans. Therefore, it is doing everything it can to prevent the elections.

It is also important to mention that the FSLN is simply revealing its real self; its actions reflect its nature. We must recall that when the FSLN was founded and organized, its leaders proclaimed themselves and believed themselves to be the sole owners of truth. The truth is what best suits them; there is no other truth other than what they see fit.

In the name of that truth, of their truth, they have carried out all sorts of actions to impose their whims and their truth. These actions range from the hijacking of a plane in Costa Rica in 1970 to executions—which is how they describe what were really crimes, because they condemned and killed people—bank holdups, burnings of cities, and any action they believed was part of their truth.

This time, they have already condemned Jaime Cuadra, Arnoldo Aleman, and Nicolas Bolanos. These men have already been declared guilty; they have been condemned; and they were immediately sentenced and punished. There are no courts and no defense, only the Sandinists' whims.

Because of their whims and because they believe they own the truth, they also feel they own the lives and properties of all Nicaraguans. This whimsical form of

government based on the assumption they are the only owners of truth, has led them to kill and steal in the name of that truth. That is the type of government we have in this country: a government that has submerged Nicaragua in poverty and despair and has brought sorrow, hunger, and tears to Nicaraguans.

[Reporter] [Words indistinct] COSEP leaders on the next step to be followed regarding those expropriations?

[Bolanos] The next step is based on what we have always said. There is no solution here with the FSLN. The problem here is: If you go to court, they will not...[changes thought] If the courts rule in favor of [word indistinct], as in the case of La Verona, the court's ruling is ignored. In the case of (?La Sainfa), for example, the court, the highest court here, did not even want to hear the case. [end recording]

Tomas Borge Discusses Economy, Elections

AU2206104089 Vienna VOLKSSTIMME in German
22 Jun 89 p 3

[Interview with Interior Minister Tomas Borge by Albert Sterr; date and place not given—reprinted from the latest edition of the FRG publication, DEUTSCHE VOLKSZEITUNG/DIE TAT]

[Text] [Sterr] Nicaragua's economic difficulties are enormous. The austerity policy initiated by the Sandinists resembles the remedies proposed by the International Monetary Fund. What is your comment?

Tomas Borge: This policy merely resembles the IMF's in form; it differs, however, in substance. The IMF's policy is intended to increase the capitalists profits. Our austerity policy is aimed at getting out of the economic crisis which affects the workers.

[Sterr] By your "concertation"—a sort of concerted action—you intend to promote cooperation between workers and entrepreneurs. Have you put an end to the class struggle?

[Borge] No. This is currently a special form of class struggle in our country, because the revolutionary government represents the workers interests, and on this basis is seeking to cooperate with the Nicaraguan bourgeoisie. We defend the class interests of workers and campesinos. At this stage, this manifests itself in the "concertacion" which must be viewed in contrast to what the bourgeoisie is sometimes doing in capitalist countries where the bourgeoisie tries to carry out "concerted actions," however, not in order to defend the workers' interests but to defend its own interests.

[Sterr] However, the workers must give up many direct interests. Does the bourgeoisie want this cooperation at all?

[Borge] Yes, the workers must sacrifice many direct interests to defend their strategic interests. Some sectors of the bourgeoisie are ready to cooperate. However, a substantial part of them, in particular the big landowners and the big capital investors, make considerable difficulties.

Mixed Economy

[Sterr] They do not invest, they decapitalize their enterprises, and they allow production to decrease, do they not? [Borge] Yes, that is correct. They did so in the past, and in some cases, they continue to do so.

[Sterr] The mixed economy concept is based on the capitalists readiness to cooperate, and on their intention to make profits. But do they want that at all? Or do they primarily want to destroy the revolution through an economic disaster, which would also mean that they would have to sacrifice their immediate economic interests in order to reach their long-term goals?

[Borge] Some people pursue precisely these political goals. However, owing to the huge economic problems that we are confronted with we must increase production in some way or another. That is why we must arrive at some cooperation with these sectors. This mixed economy concept is not a temporary one and does not contradict Marxist principles.

[Sterr] But if the bourgeoisie has the strategic goal to destroy the revolution...?

[Borge] At a historic moment, the political power ratio can be such as not to leave them any alternative but accept cooperation. I think there is enough latitude in this respect.

Strikes?

[Sterr] Do you consider it possible that owing to the need, there will be a conflict of the short-term interests of survival and the workers strategic interests? For example, strikes for higher wages?

[Borge] There have been various strike movements, the most recent one was that of the teachers. We have embarked on the road of persuasion, which is natural. Similar movements will also be possible in the future. The enemy exploits these movements for political goals. Two North American officials also interfered in the teachers' strike, and they even offered money to the strikers. We therefore expelled them from our country.

[Sterr] But there is no doubt that the cause of these strikes is the economic reality?

[Borge] They are attributable to objective reasons. In other countries the same social conditions would have resulted in immense social unrest, if there were not the political elements, the ability of the Sandinist National Liberation Front (FSLN) to persuade people, and the

political prudence of the workers who recognize that the Sandinist Liberation Front represents their historic interests. So they are in favor of the revolution because of their political persuasion, not because they were economically better off.

[Sterr] Economically speaking, what does that mean for the workers in the near future?

[Borge] It means an improvement—if modest—in their living conditions. It must be stressed that the urban population, the civil servants and in particular the police live under the worst conditions.

[Sterr] The Sandinist government has substantially reduced its social expenditures and has made political concessions. Is the Sandinist revolution on the retreat?

Weapons in the People's Hands

[Borge] We have not returned the land that we distributed among the campesinos to the big landowners. The weapons continue to be in the peoples hands. The workers and peasants in our country are privileged because they have the power. We will remain anti-imperialists, and we will continue to practice solidarity with the peoples of Latin America. Our national sovereignty will remain untouched; we allow no one to violate it, and we will defend it, if necessary. We will never kneel down to imperialism, and no one can force us to give up our friendship with the socialist countries. I mean by this that we will remain true to our revolutionary principles.

[Sterr] Elections will be held in Nicaragua in February next year. There are now 24 parties in your country. Some of them receive substantial support from the FRG. Do you see the danger of the Nicaraguan process being manipulated from outside in this way?

[Borge] There is such a danger, and we are aware of it.

[Sterr] How are you trying to handle it?

[Borge] To begin with, there is a very broad and dynamic movement in our country, which is loyal to the FSLN. There is much political dynamism in our country, and we rely on it. It withstands the defamations, deliberate lies, and the economic crisis. Therefore, I have said that we are the majority, and we are the best ones.

[Sterr] In the FRG, the Social Democrats and the Christian Democrats have much experience in destroying revolutionary processes. Portugal is an example. The Portuguese Social Democratic Party was founded here in the FRG, the reforms were retracted, and former revolutionary leader Otelo Cavalho was released from prison only recently.

[Borge] Nicaragua is neither Grenada nor Portugal.

[Sterr] What are Nicaragua's prospects?

[Borge] The fact that there are Contras emphasizes that the revolution exists. The hatred of the imperialists, the many problems that they create for us—all this emphasizes that the revolution lives. Therefore, Nicaragua's prospects are revolutionary prospects.

Opposition Meets With Trade Union Leaders

PA2206164889 Managua Radio Sandino in Spanish
1200 GMT 22 Jun 89

[Text] Is the National Opposition Unity [UNO] breaking up? Yesterday, for the second time, representatives of four UNO political parties met for approximately 3 hours at the Confederation for Trade Union Unity, CUS, headquartered in Managua's Ciudad Jardin neighborhood. Political analysts have described the meeting as the second step toward the exclusion of these parties from the Group of 13. Participating in the meeting were: Nicaraguan Socialist Party leader Gustavo Tablada; Eli Altamirano, leader of the Communist Party of Nicaragua; Mauricio Diaz, of the Popular Social Christian Party [PPSC]; and Alfredo Cesar, former contra leader and newly appointed secretary general of the Social Democratic Party. At the end of the meeting, both Cesar and Tablada described it as a working meeting with CUS leaders. They said that they discussed the opposition's unity, a workers march to be announced shortly, and changes to the labor law, which will be presented to the National Assembly. The first meeting was held on 16 June at the PPSC headquarters in Santa Ana neighborhood. That meeting was attended by the same leaders of the four parties.

Not mentioning the possibility of the group's leaving the UNO, Gustavo Tablada said that during yesterday's meeting with Alfredo Cesar, they discussed the possibilities of a new Labor Law and the march planned by the CPT [Permanent Workers Congress].

[Begin recording] [Tablada] I do not know why everyone is so interested in reading things into this. Since the CPT was created a couple of years ago, it has traditionally called on the four political parties involved in the organization to meet to exchange ideas, to see how their problems can be solved, how our organizations can help carry out some of their activities, etcetera, etcetera.

For example, the CPT is suggesting some changes to the labor law for submission to the National Assembly. They want to carry out some activities to stress their point of view. They want to hold a march, a demonstration, and to find appropriate means to present their views before the National Assembly. That is the kind of things we discussed.

[Reporter] What kind of changes?

[Tablada] Changes involving the minimum wage, changes to the Labor Law, the abolishment of the SNOTS [National Labor and Wages Organization System], etcetera, etcetera. [end recording]

INE Director Explains Increase in Rates
PA2206181089 Managua Radio Corporacion
in Spanish 2300 GMT 21 Jun 89

[Text] Emilio Rappaccioli, minister-director of the INE [National Institute of Energy] said today during a news conference that electricity rates will increase 10 percent as of today because of last week's sharp devaluation of the cordoba.

Rappaccioli noted that no increase had taken place since January and gave broad explanations on the purchase of materials and spare parts, which he said are required to produce electricity and which are purchased in U.S. dollars.

Even though President Daniel Ortega had announced that there would be no increases of any kind, Rappaccioli argued that the increases were necessary and that, in any event, they were quite minimal because the increase should have been 60-70 percent.

Panama

Reportage on Panamanian Dialogue Proposal

Foreign Ministry Issues Communique
PA2206125589 Panama City CRITICA in Spanish
22 Jun 89 pp 1, 14

[Communique on the note sent by Foreign Minister Jorge Eduardo Ritter to OAS Secretary General Joao Baena Soares issued by the Foreign Ministry in Panama City on 21 June]

[Text] The Foreign Ministry reports that on this date the national government has addressed the special mission sent by the 21st OAS Consultative Meeting of Foreign Ministers to confirm its decision to participate in a dialogue among Panamanians in order to overcome the serious problems faced by the Republic of Panama, in accordance with what it has previously stated to the mission on the various occasions it has visited Panama.

To this effect, Foreign Minister Jorge Eduardo Ritter sent a note to OAS Secretary General Joao Baena Soares reporting that, as has been suggested by the special mission, it is indispensable "to draw up an agenda through the consensus of all parties participating in the dialogue and to let this agenda serve as the basis for the discussion of problems concerning the Panamanian nation." The note adds that "the Executive Branch, which includes the Panama Defense Forces," will participate in the discussion and the drafting of the agenda.

The Panamanian foreign minister asked the OAS secretary general to relay the contents of this message to the foreign ministers of Ecuador, Guatemala, and Trinidad and Tobago.

Panama, 21 June 1989

PALA Supports Proposal
PA2306011389 Panama City Circuito RPC
Television in Spanish 2331 GMT 22 Jun 89

[Interview with Labor Party Secretary General Ramon Siero by unidentified reporter; date and place not given—recorded]

[Text] [Siero] We are seriously evaluating the recent events taking place in our country, and we are constantly seeking formulas so all Panamanians will sit down to negotiate and achieve the transition the Panamanian people are hoping for. It is very normal for this party to conduct evaluations.

[Reporter] Yesterday, the Executive Branch and the Panama Defense Forces [FDP] jointly announced they were willing to participate in a dialogue with the opposition. What does the Labor Party [PALA] think about that?

[Siero] We have always been very much in favor of conversations and dialogue. We are very pleased each time another group wants to join a dialogue, a conversation, or negotiations. So far, two groups, two sets of opinions are mentioned: The opposition and the Civic Democratic Opposition [sentence as heard]. Then, a third set of opposition comes up: The FDP.

According to the options presented by PALA, it was important that the FDP voice an opinion in a national agreement. Now, there is another addition, the Executive Branch, which is demanding its participation in this negotiation, and demanding that it include the FDP. Therefore, we welcome the Executive Branch and the FDP so we will all participate in negotiations that will seek an understanding among all Panamanians. Let us find the solution, the continuation of the government after 1 September.

ADOC Pleased With Decision
PA2306005389 Panama City Circuito RPC
Television in Spanish 2334 GMT 22 Jun 89

[Report on communique issued by the former presidential candidates of the Civic Democratic Opposition Alliance in Panama City on 22 June]

[Text] The former presidential candidates of the ADOC [Civic Democratic Opposition Alliance] said in a communique today that they have received no information from the OAS commission on the precise position of the Panama Defense Forces [FDP] or the mechanisms for actually starting a dialogue. The communique states the following:

On Friday, 16 June, the ADOC presidential candidates announced to the OAS, the Diplomatic Corps in Panama, and the local and international public, their specific, positive position with regard to the suggestion made by the OAS commission that a dialogue be held between the FDP and the COLINA [National Liberation Coalition] on the one hand, and the ADOC's former

candidates on the other, to achieve a national agreement through the implementation of prompt democratic mechanisms whereby the transfer of power could be implemented, thus fully respecting the Panamanian people's sovereign will in accordance with the resolution issued on 17 May by the OAS.

The communique, which is signed by [Guillermo] Endara, [Ricardo] Arias Calderon, and [Guillermo] Ford states: We have been informed of a brief official communique regarding the FDP's participation in this dialogue. We are pleased with this first indication of a positive reaction to our insistent call for a direct dialogue between the former ADOC candidates and the FDP.

The communique, nevertheless, referred to and partially quoted a note sent to the OAS secretary general. So far we have not read that note, nor have we received any information from the OAS mission stating the FDP's positions and the mechanisms whereby the dialogue will be carried out. Therefore, we are not yet in a position to evaluate the situation with any certainty.

In conclusion, the ADOC communique states, we take this opportunity to point out the urgency of achieving the aforementioned national agreement. The entire country and the international community are fully aware of the key topics that must be broached on any agenda. As we said earlier, the Panamanian people are still being victimized by repression and the national crisis. Our country is sinking and the FDP itself is deteriorating. We are experiencing an endless drama that may prove to be very dangerous for our nation's future. No one has a right to make the fatherland waste more time.

Meanwhile, ADOC spokesmen said that so far the ADOC has not yet had any contact with the government.

Opposition Reacts Favorably

PA2206181689 Panama City ACAN in Spanish
1619 GMT 22 Jun 89

[Excerpts] Panama City, 22 Jun (ACAN-EFE)—The Panamanian opposition, which yesterday had its first direct contact with the government, today characterized as "positive" yesterday's announcement by the Panamanian Foreign Ministry that the military could participate in a national dialogue.

According to government sources, Foreign Minister Jorge Ritter met last night with unidentified ADOC leaders, which was the first time that the two sides had direct contact since the Panamanian crisis began.

Political sources report that during the talks, Ritter gave the opposition guarantees that the military would participate in talks aimed at ending the crisis caused by the annulment of the 7 May elections.

ADOC spokesman Anel Beliz told ACAN-EFE that top opposition leaders have not participated in the talks thus far, but that "the opposition regards the decision to include the Panama Defense Forces [FDP] as positive."

Some sources believe that two possible participants in the first round of dialogue are the following FDP officers: Colonel Guillermo Wong, chief of Military Information Services [Los Servicios de Informacion Militar]; and Lieutenant Colonel Arosemena King.

According to Beliz, the opposition believes that the announcement of the military's willingness to participate in the dialogue was a decision made by the military, despite the fact that the Panamanian Foreign Ministry issued the announcement, because, Beliz said, "as we all know, nothing happens in Panama without the FDP's approval."

The opposition spokesman said that it is significant that the announcement was made at the end of a lengthy FDP staff meeting held yesterday. FDP Commander in Chief General Manuel Antonio Noriega held a meeting yesterday with progovernment legislators, to whom he announced the FDP's decision to participate in some capacity in the talks with the opposition, Legislative Assembly sources have revealed.

Beliz explained, however, that "no official invitation to the dialogue has yet been received" and that the ADOC only learned of the government's willingness to discuss the agenda of the talks through the press.

ADOC leaders Guillermo Endara, Ricardo Arias Calderon, and Guillermo Ford—who are regarded as the president—and vice presidents—"elect," respectively, in the 7 May elections—met today to study the Foreign Ministry communique, which stated that the government's willingness to hold talks was conveyed to OAS Secretary General Joao Baena Soares. [passage omitted]

"We do not know if this means that the military will participate directly in the talks, as the OAS suggested, or if it means that the Executive Branch will represent the military," Beliz added. "In any case, we reiterate our willingness to participate in a dialogue with the FDP," he added.

Thus far, the government forces and Gen Noriega have insisted on a dialogue between the ADOC and progovernment National Liberation Coalition (COLINA) parties. The Foreign Ministry announcement mentions FDP participation for the first time.

The OAS delegation that visited Panama twice following the 7 May elections in search of "formulas for agreement" to allow a "transfer of power" suggested a "tripartite dialogue" among COLINA, the ADOC, and the FDP, a suggestion with which the opposition agreed. Foreign Minister Ritter told ACAN-EFE that the announcement yesterday was "a first step" in that direction.

After the opposition agreed to "the tripartite dialogue" last Friday, Ecuadoran Foreign Minister Diego Cordovez and the OAS secretary general had publicly pressured the government and the FDP to do likewise.

OAS Envoy Ponders Third Visit

PA2306002789 Panama City Telemetro Television
in Spanish 2323 GMT 22 Jun 89

[Text] Evelio Fabroni, director of the OAS office in Panama, said this afternoon that there are no details pending concerning a third visit by a OAS special mission.

Fabroni added that the Civic Democratic Opposition Alliance [ADOC] leaders sent him a note today saying they do not know the full text of the government agenda for a national dialogue.

[Begin Fabroni recording] Today I received a note signed by Guillermo Endara, representing ADOC. In the note, he expressed ADOC's satisfaction over the positive attitude adopted by the government regarding the possibility of holding a national dialogue.

In the note, however, the ADOC leaders said they do not know the full text of the government's official communique. The note sent by ADOC adds that ADOC is waiting for a more specific communique before expressing its position regarding the possibility of holding a national dialogue.

The ADOC note has been relayed to the OAS Secretariat General in Washington, and we are now waiting for the reaction of all the parties involved. Based on that reaction, we will know whether the special OAS commission appointed by the OAS foreign ministers consultation meeting will visit Panama for the third time or not. Thus far, we do not have any specific information about that visit.

At the end of their second visit to Panama, the members of the OAS special commission said they would return to Panama when the Panamanian parties involved in the conflict take specific steps toward a dialogue to offer their help in the development of actions leading up to a national dialogue. [end recording]

Paredes on Canal Administrator Selection Procedure

PA2206151689 Panama City Televisora Nacional
in Spanish 2300 GMT 21 Jun 89

[Text] Legislator Rigoberto Paredes said today that despite the fact that some opposition groups have forwarded the names of certain people for the Panama

Canal administrator position, it is the Legislative Assembly that should select the Panamanian to fill that position. A bill to this effect is undergoing a second round of debate at the Legislative Assembly and is making progress, Paredes said.

[Begin Paredes recording] Some opposition legislators are lobbying against the bill to prevent its passage into law. I believe that the reason for this is that somehow, deep inside, they hope that if the bill is not approved, then the Executive Branch will propose a person to fill the canal administrator position. Since the U.S. Government ridiculously recognizes Eric Arturo Delvalle as Panamanian president, the opposition legislators believe that Delvalle should be the one to select the canal administrator. The North Americans want to approve a person selected by Delvalle. However, if the bill we have proposed is approved, then it will be the Panamanian Legislative Assembly which will choose a person for that job. The United States cannot ignore the democratic nature and legitimacy of this government body and therefore has to appoint a person nominated by the Legislative Assembly to this position.

This is how I see the problem. It looks like some opposition legislators are moving in the direction that I have mentioned. We, of course, are patriotically proposing that this bill, a good bill, be passed in accordance with the implementation of the Torrijos-Carter Treaties.

We are discussing a bill for approval. According to this bill, not only the Legislative Assembly could nominate a person to fill the position of Panama Canal administrator; many national organizations would be able to nominate a person for that position. The nominations, of course, would be discussed by the Legislative Assembly, which would make the final selection. [end recording]

Supreme Court Ratifies Elections Annulment

PA2306004189 Panama City Telemetro Television
in Spanish 2335 GMT 22 Jun 89

[Text] This afternoon, the Panamanian Supreme Court of Justice ratified the annulment of the 7 May presidential elections. Through this decision, the Supreme Court of Justice ruled on the suit of unconstitutionality filed by Ernesto Cedenio Alvarado before the Supreme Court of Justice.

The ruling was voted on by all Supreme Court of Justice magistrates and states that the election annulment does not violate any right, procedure, or any other constitutional norm.

The ruling adds that the article contained in Decree 58 of 10 May declaring the annulment of the elections is not unconstitutional.

Panama's Democratic Revolutionary Party, the biggest party in the National Liberation Coalition, COLINA, had also filed a suit against the annulment of the 7 May elections before the Supreme Court of Justice.

Argentina

Jaunarena Says Seineldin 'Should Be Punished'
PY2306034089 Buenos Aires Domestic Service
in Spanish 0200 GMT 23 Jun 89

[Text] In referring to Colonel Mohamed Ali Seineldin's rebellion in Villa Martelli last December, Defense Minister Jose Horacio Jaunarena has said that the judges will be in charge of judging him.

Jaunarena added that the document disclosed by Seineldin has created unrest among the people. The minister added that whoever violates the law or rebels should be punished, and if he belongs to the Army he should be subject to the appropriate sanctions.

Today Jaunarena received a report from General Francisco Gassino, Army chief of the General Staff, on the measures adopted to establish who is responsible for the declaration attributed to the head of the Villa Martelli rebellion.

The meeting was held at the defense minister's office, where it was confirmed that the situation within the Army is normal.

Former Army Chief of Staff on Seineldin's Pact
PY2206223689 Buenos Aires TELAM in Spanish
1417 GMT 22 Jun 89

[Text] Buenos Aires, 22 Jun (TELAM)—Former Army Chief of Staff General Dante Caridi, retired, has asserted that there has been "no pact" regarding the Villa Martelli incident. Caridi admitted that there are "difficulties inside the Army, which must be solved through administrative measures to be ordered by the military courts." He said the "pending issues, such as the trials of military officers, the Malvinas, and the imprisoned commanders," must receive "a political solution."

Caridi said: "During the talks held in Villa Martelli, they discussed the possibility of making a pact, since the objectives of the rebellion were considered equally important by both the Army and the rebel group. They agreed that it was senseless to shed Argentine blood to achieve those objectives. In that way, a clash was prevented."

Caridi added: "Nevertheless, we could not tolerate the attitude of the rebel group. We decided that they had to lay down their arms and suspend their operations, and that Colonel Mohamed Seineldin had to face an inquest because he claimed to be the only one responsible for the rebellion. It was also decided that the other military chiefs had to be severely punished and that their subordinate officers must suffer sanctions."

Caridi said: "We did not promise to review the Holy Week and Monte Caseros issues. They demanded that I resign my position as Army chief of staff. I did not feel

forced to resign, because after this second rebellion I had already decided to do so. I had decided to resign because I held the government partially responsible for the rebellions, and I did not want to continue" to be the chief of the Army General Staff.

"I tendered my resignation, not because I was forced to, but because I had already decided to do so."

Asked about the disagreements between the group led by Seineldin and the Army high command, Caridi said: "There is a basic difference in the methodology of the two sectors, and this type of disagreement cannot be tolerated. It is acceptable for a small group to disagree with the high command, but it cannot be tolerated that the entire Army do so. That is simply a coup or something similar. That cannot be accepted as the methodology of the Army."

Caridi added: "There are differences, however, between the personal thinking of most Army personnel regarding the role of this institution, which is dedicated to serving the Republic, and the thinking of those people who are really of extreme [words indistinct] United Kingdom, Australia, and Japan, among other countries. [paragraph as received]

Central Bank Limits Transfer of Foreign Currency
PY2206222289 Buenos Aires NOTICIAS
ARGENTINAS
in Spanish 1800 GMT 22 Jun 89

[Text] Buenos Aires, 22 Jun (NA)—According to an operator in the financial market, the Central Bank (BCRA) today decided to limit to \$1,000 the amount of foreign currency that can be transferred abroad without authorization from the bank.

The Central Bank notified the banks and financial organizations of this decision by phone. This measure was interpreted as "an important limitation on letter of credits" abroad.

Two Communist Youths Reportedly Released
PY2206034089 Buenos Aires LA PRENSA in Spanish
21 Jun 89 p 10

[Text] The executive branch yesterday ordered the release of two Communist militants, Cesar Barrionuevo and Roberto Medina, who organized the "Hunger March" at Villa Soldati District, in Buenos Aires, on 30 May.

The two Communists, who were members of the Communist Youth Federation, were first released on the orders of Judge Julio Pettigiani, who questioned the legitimacy of the executive branch decree declaring the state of siege.

In a new decree, the executive branch ordered the detention of the two Communists, and filed a petition against them at the Criminal Court. The decision was filed, however, at the Supreme Court of Justice. Before the Supreme Court of Justice decided on the case, the two youths were released.

These facts were reported by the Communist Party press office. They also reported that the youths have now been released "in compliance with another resolution signed by the executive branch."

Evening Newspaper EL HERALDO Bows Out
PY2206040289 Buenos Aires TELAM in Spanish
1950 GMT 21 Jun 89

[Excerpt] Buenos Aires, 21 Jun (TELAM)—The evening newspaper "EL HERALDO" appeared today for the last time. In a front-page note, publisher Lorenzo Amengual bids farewell to the newspaper's readers, noting that "the newspaper was done-in by hyperinflation." [passage omitted]

Bolivia

Foreign Minister Stresses Antidrug Success
PY2206140089 La Paz La Red Panamericana
in Spanish 1130 GMT 22 Jun 89

[Text] Bolivian Foreign Minister Valentin Abecia has said that Bolivia has done its utmost to respond to international expectations regarding the antidrug fight.

The foreign minister stressed the efficacy of government initiatives despite our well-known economic and logistical limitations.

The declaration was in response to reports from the United States to the effect that Bolivia is not doing as good a job in fighting cocaine production as the U.S. Government would like.

Abecia said he has not received a note from the U.S. Government on the issue, but recalled that U.S. authorities have many times in the past praised Bolivian efforts to reduce coca plantations and to control drug trafficking.

Abecia said he thinks the U.S. legislators who commented on the issue were misinformed. The minister said everything indicates that the results of our initiatives are positive.

The national government thereby refuted foreign reports saying that Bolivian cocaine production has increased.

Formation of 'Opposition Bloc' Reported
PY2206034889 La Paz EL DIARIO in Spanish
17 Jun 89 p 3

[Excerpt] "Conscience of the Fatherland" [CONDEPA] and the "United Left" [IU] yesterday agreed to form an "opposition bloc" to the neoliberal policy of the future government, which will maintain the provisions of Decree 21060 and thus attack our national interests.

The agreement was reached by CONDEPA leader Carlos Palenque and IU leader Antonio Aranibar, who agreed to take joint actions to change the country's structures. [passage omitted]

MNR Ready To Govern With ADN, MIR
PY2206035489 La Paz EL DIARIO in Spanish
17 Jun 89 p 1

[Excerpts] According to Dr Guillermo Bedregal, deputy chairman of the National Revolutionary Movement (MNR), this party is ready to govern with either the Movement of the Revolutionary Left (MIR) or the National Democratic Action (ADN).

"We are ready to share the administration of the country with the MIR or the ADN," Bedregal said. He added that a solution must be found to the issues of the presidential election and of the election of the other officials who will govern the country.

He explained that agreements with the MIR may be reached "without traumas," if we keep the national interests in mind. Regarding the possibility of having to govern with the ADN, Bedregal said that, based on the "pact for democracy," cooperation in the administration of the country is possible. [passage omitted]

Bedregal asserted that if no agreement is reached with the MIR and the ADN, the MNR will become the opposition, make constructive criticism aimed at strengthening the democratic system, and play a supervising role to improve the country.

"The MNR is ready to seek solutions energetically, without ill feelings. The MNR is ready to continue making efforts to find political solutions to all national problems," he concluded.

Netherlands Donation for Coca Substitution
PY2206040089 La Paz PRESENCIA in Spanish
15 Jun 89 p 6

[Excerpts] (ANF)—The Netherlands has confirmed that it will contribute \$5 million to the Coca Crop Substitution and Development Plan (PIDYS).

Anibal Aguilar Gomez, under secretary for alternate development, has stated that the Netherlands' contribution will be channeled through the UN Organization Against the Drug Trade. [passage omitted]

Aguilar said that the contribution to the PIDYS fund will be earmarked for "resuming tea production in Chimore" and for other coca substitution projects.

Aguilar noted that Bolivia originally requested that the Netherlands contribute \$2 million for tea production, but the Netherlands "decided to increase its contribution to \$5 million." [passage omitted]

Shoot-Out With Drug Traffickers Reported
PY2306022289 La Paz La Red Panamericana
in Spanish 0000 GMT 23 Jun 89

[Text] During an operation carried out at dawn today by UMOPAR [Mobile Units for Rural Areas] forces in Santa Ana del Yacuma, one drug trafficker was killed, seven people were wounded, three others were arrested, and two helicopters were damaged by gunfire.

Information Minister Herman Antelo gave a news conference on this operation today at noon. He said that the objective was to arrest Hugo Rivero Villavicencio, one of the most important drug traffickers in our country.

He said that during the operation UMOPAR agents exchanged fire with Hugo Rivera's bodyguards. After the shoot-out, as the police tried to board their helicopters, they were shot at by several Santa Ana inhabitants, who injured five Bolivian Air Force officers who were piloting the helicopters.

One drug trafficker was killed and two were wounded. The wounded were transported to Santa Cruz. Three other drug traffickers were taken to La Paz, along with the weapons that were seized from them.

[Begin Antelo recording] The operation was really meant to arrest Hugo Rivera, who is wanted for drug trafficking. Lately in Santa Ana, there has been an increase in foreigners and Bolivians openly carrying heavy-caliber weapons, endangering the lives of people not connected with drug trafficking. The operation, therefore, was carried out in compliance with the law, since no one in the country is authorized to carry weapons without meeting the legal requirements. [end recording]

Government authorities asked the population of Santa Ana to remain calm and not to be carried away to possible [words indistinct], since the Special Antinarcotics Forces are after criminals and not civilians.

Chile

PCCh Leader Teitelboim Discusses Issues
PY2206174089 Santiago ANALISIS in Spanish
12-18 Jun 89 pp 13-15

[Interview with Communist Party of Chile General Secretary Volodia Teitelboim by Monica Gonzalez—place, date not given]

[Text] [Gonzalez] Following the abrogation of Article 8 of the Constitution, as established in the constitutional reform, will the Communist Party of Chile [PCCh] take the opportunity to gain legal status?

[Teitelboim] It is inaccurate to say that Article 8 has been abrogated. In fact, a great portion of Article 8 has been transferred to Article 19, to which several clauses have been added.

[Gonzalez] Will the PCCh register as a political party, giving up the use of violence?

[Teitelboim] We will support everything that represents progress. Nevertheless, we are skeptical about gaining legal status via the constitutional reform. We are not willing to make any statements or make any promises that entail forsaking our beliefs, which—and this must be made clear—have been misinterpreted.

[Gonzalez] Is it not true that the PCCh has proposed armed struggle as a way to put an end to the dictatorship?

[Teitelboim] That is not true. Proposing armed struggle means promoting it as the only way to end the dictatorship, and we have never said that. We have said that, in view of an unbearable dictatorship, the Universal Declaration of Human Rights itself states that a nation has a legitimate right to rebel. Our position has been belittled because it is novel compared to classical interpretations of Marxism, interpretations that have established two ways to do things: peacefully or violently. This contrast does not reflect our reality. Therefore, when we talk about different methods of struggle, each method must conform to the proper time and the proper circumstances. In fact, we are talking about a method of facing the dictatorship, a method presupposing the participation of the masses. The armed struggle as a method cannot be stereotyped. On the other hand, it cannot be restricted to policy guidelines, which are unable to overcome the violence of a dictatorship.

[Gonzalez] But the PCCh has had or has military groups...

[Teitelboim] The PCCh views the military side as an absolute necessity vis-a-vis the 1973 events.

[Gonzalez] Is this the novelty that you are talking about?

[Teitelboim] This is a relatively new development. We experienced a so-called "historical vacuum." A legitimate constitutional system, fully conforming to the rules of bourgeois democracy, was toppled by a bloody coup d'etat, without defending itself. Why is a democratically elected system, which fully conforms to all the rules of a classical legal system, inexorably overthrown? Why does it collapse like a house of cards just because a military hierarchy decides to end it? Is this logical?

[Gonzalez] Applying the same logic, is it true that the PCCh implemented a policy of "popular rebellion" that led to some deaths after confronting the Armed Forces?

[Teitelboim] The 1973 bloodbath can in no way be compared to what came later. The 1973 events are the worst tragedy in the Chilean nation's entire history. The policy of "popular rebellion" has been a very important factor in the quest for liberty. Our attitude also convinced a group within the Army that another coup d'etat would not be easy, that if they again tried to repeat the 11 September 1973 events every time a civilian government appears to be a threat to a "seditious national security," there will be a response.

[Gonzalez] What does the policy of "popular rebellion" mean to the PCCh now that you are the PCCh general secretary?

[Teitelboim] According to the 15th PCCh Congress, it is a policy that has been proposed to decide today's main contradiction: Popular sovereignty has been restored, and we will have to begin another stage. The 1989 policy of "popular rebellion" is different from the 1986 policy of "popular rebellion" because the situation has changed.

[Gonzalez] Could it be that the PCCh made a mistake when it came to assess the Chilean people's courage and willingness to run risks?

[Teitelboim] This did not happen because the center-right sector of the opposition actually deserted. The decline began because the "popular rebellion" of the masses could not be implemented by the PCCh alone, or even by the left alone. It had to be the result of the will of the majority. Therefore, after the majority split, "popular rebellion," of course, stopped being a feasible policy.

[Gonzalez] What does it mean to the PCCh now, in 1989, to talk about "popular rebellion?"

[Teitelboim] It involves the fact that 1989 is an election year of very important decisions because a new president must be elected on 14 December. This does not mean that we are supporting elections. For us, 14 December begins today because it must be related to daily problems. This is the common goal of all struggles.

[Gonzalez] But that is the usual Communist Party type of struggle. Why the talk about "popular rebellion?"

[Teitelboim] It is the usual policy; however, there is an important factor that has been left aside by politicians: the people's participation.

[Gonzalez] Is it possible that the masses are tired of violence and the only thing they want is to negotiate a peaceful and quiet transition?

[Teitelboim] Maybe the masses will accept this situation today, but deep down they are feeling great anxiety and discontent. They want the dictatorship to end. They want peace and tranquillity, but also solutions to their problems.

[Gonzalez] What is your opinion of Sergio Buschmann's declarations in Australia?

[Teitelboim] We do not share them. Buschmann is an actor who has overplayed a drama which is larger than himself. What is important is that we do not share his opinions.

[Gonzalez] Many innocent Carabineros have been assassinated lately. What does the PCCh think about these incidents?

[Teitelboim] The people—we, the Communists, think of ourselves as part of the people—do not poison grapes, do not kill Carabineros, do not kill children. We respect human lives, and destroying them is contrary to our principles. We are very interested in finding out who is responsible for those murders because we are against the killing of Carabineros. We have to ask: Who could be responsible for the killing of Carabineros? We are not. I do not believe that either the left, the Christian Democrats [Christian Democratic Party, PDC], or even the right are involved. But there are people interested in blaming the Communists for these murders. It is a provocation of the secret world, the official mafia that is linked to some security organizations.

[Gonzalez] What if a member of the Communist Party is found to be responsible? Would you expel him from the party?

[Teitelboim] If what you say can be proved, those responsible cannot continue to be Communists.

[Gonzalez] The PCCh has said the party will support a single candidate, a single legislative ticket, and a minimum program. Other leaders, however, have said that the Communist Party will present their own ticket. What is the position of the PCCh on this issue?

[Teitelboim] The best thing from the point of view of the well-being of the country, seeking to recover our democracy, is to field a single presidential candidate and a single legislative ticket. With two candidates we would be playing into the hands of the dictatorship. We hold this issue to be above the interests of the party and even of the left.

[Gonzalez] What about legislative tickets where the other parties agree to leave the Communists out?

[Teitelboim] A single ticket would win two-thirds of all congressional seats and would pave the way for a democratic reform. The opposition at large would win. The PDC is hurting the chances of the opposition with its policy of exclusion. They think more for their party than for the well-being of the country. We have insisted on a single ticket to avoid having to enter through the window.

[Gonzalez] Will you continue insisting, even if it looks as if you are bowing to the PDC?

[Teitelboim] We are considering four different alternatives. Our best alternative would be to be part of a single ticket, but this option has been rejected. Our second alternative would be an alliance with the PPD [Party for Democracy] and the PAIS [Broad Party of the Socialist Left] coalition. We think it is important for the left to assume its responsibility and avoid being absorbed by the center-right. The third possibility is to support the PAIS and to reach an agreement on a district-by-district basis with the PPD. This alternative seems to be the most likely at this time, judging by the declarations of Maira [PAIS general secretary] and other leaders. We have a fourth alternative if all other alternatives fail. It is the most difficult path: to contest all by ourselves or with those who might want to join us.

[Gonzalez] We have heard the PCCh has two options regarding the future role if the opposition wins: One of them holds that the PCCh will continue to operate in the opposition, and the other that the PCCh will loyally cooperate with the government. What will the final position be?

[Teitelboim] We cannot say if we will operate in opposition to a future government. We have worked in opposition to the dictatorship and we will continue to do so for as long as the dictatorship exists. This is our position. We will support the next government in its efforts to rid itself of the military trap; that is, the intention of the Army commander in chief to control the future government. The president must be the highest authority and the Armed Forces must respect his orders. We will support a future government in implementing this minimum program and the dismantling of the fascist institutional system.

[Gonzalez] Would you say that Communists have reappraised democracy the way the West understands it?

[Teitelboim] Yes there is a reappraisal of the formal and real democracy. We very much prefer a bourgeois democratic government to a fascist dictatorship. It is important that certain achievements of the bourgeois society to which popular forces have contributed—like respect for human rights, the right to life, pluralism, justice, and all those things that make a formal democracy—become consolidated in Chile.

[Gonzalez] Does the PCCh agree that the left is keeping a very low profile?

[Teitelboim] Yes, we do. The left has experienced such a serious crisis in the past 16 years that it has splintered into several blocs. A leftist sector, a former UP [Popular Unity] member, is today attracted to formulas of the center and to a sense of moderation that excludes social change; for the sake of political stability it recognizes the leadership of the center and the right. To a certain extent, it is accepting a socially conservative regime, one in which the people are behind the scenes, waiting for justice to be done by their leaders—justice that will

never come. In a democratic system, that leftist sector can lean more toward the left or be attracted by the exercise of power and agree to share it, even if it means playing a secondary role. The Chilean left has historical roots that must be preserved.

[Gonzalez] You have said that renewal within the PCCh would come "if everyone would get in the habit of speaking the truth." What was your truth during the last party congress?

[Teitelboim] My truth is based on a long and extensive party militancy and political life. It is also based on 15 years of international contacts during my exile in Europe. The truth is that the PCCh, socialism, and the revolution need to return to their roots. It must shed the deadly gravestones that have oppressed it for almost 50 years, and it must uphold its original ideals. It must propose to the people that they achieve full freedom through a path that unequivocally follows the ideals of freedom and democracy.

[Gonzalez] Did you ever think that some day you would be the PCCh general secretary?

[Teitelboim] I have never thought about it, because I never intended to be the PCCh general secretary. I have been a Communist all my life, since I was 16. I am one of the oldest PCCh leaders. Someone has jokingly said abroad that I am one of the most senior members of a Communist Party political committee in the world, having held my post for 44 uninterrupted years. I believe this is an exaggeration. I would like to add that I am married to politics, and I am in love with literature. Politics is demanding, overwhelming, absorbing. It takes up all my time. Literature enables me to escape.

[Gonzalez] Some people think you are what Cardinal Fresno is for the church: a convenient general secretary for facing the problem of a transition for a short time.

[Teitelboim] I realize from watching television that I look like Cardinal Fresno, but I consider myself completely different. We are alike in some respects though: I have been an assiduous reader of the Bible since I was a child. I think it is the most humane, sensual, celestial book ever written. It is a book of passion, love, hate; it shows paths, dreams, and utopian ideas. It is unsurpassable.

[Gonzalez] The communist culture—the PCCh "intelligentsia"—was an important identity factor until 1973. Not any more. Some people think the "popular rebellion" buried the "intelligentsia." What is your opinion on this topic?

[Teitelboim] The congress used the word "intelligentsia" a lot. This word had been forbidden from the usual communist language. Stalin did not trust it at all, particularly in the political arena. Every truth had already been said by an infallible, perfect, all-knowing intellectual who became as a consequence a dangerous animal. Somehow this influence

affected the communist parties, which became intellectually poorer. This, in turn, affected its language, which became repetitious, sloganish, old-fashioned, full of communist commonplaces, divorced from real life. The PCCh did not live this process, because it was enriched by its own experience. Its founder, Recabarren, was a worker and an intellectual who thought education had an important role to play. The 1973 revolution marked a new epoch in Chilean culture. The new circumstances demanded direct action in a world where Marxist literature and culture were proscribed.

[Gonzalez] Do you think that people have lost the blind belief in the utopian hope of a socialist future?

[Teitelboim] Models have become obsolete, but not socialism. Our socialism is going through a crisis and must be revitalized—must be reborn stronger than ever. It must return to its origin, enrich itself with its own national essence and with the idea that change is necessary. The idea of change has not disappeared in Latin America. It is strong, but people are still confused about its implementation. We have to reconstruct the socialist hope. It should not be too difficult.

Sergio Buschmann Interviewed in Sweden
PY2206142589 Santiago COSAS in Spanish
8 Jun 89 pp 22-26

["Exclusive" interview with Sergio Buschmann, spokesman of the Manuel Rodriguez Patriotic Front, FPMR, by Andre Joffe in the outskirts of Stockholm, Sweden, date not given]

[Excerpts] [Passage omitted] [Joffe] When was it decided that guerrilla warfare or terrorism were the solution to Chile's problems, as you have stated?

[Buschmann] We decided to form a people's army during a meeting held on 14 December 1973 at a restaurant that I do not wish to name; it is very popular and it is quite likely that some of our fellow partisans still meet there. Until then we did not believe that the rightist sector could resort to torture and massacre in order to achieve its objectives... These actions were supported by the government's repressive apparatus. Therefore, the only alternative was to create a system to defend the people by means of an armed organization whose final goal was to dismantle the Army staff. In 1977, when they arrested me for the last time before leaving the country, I was registered as a member of the Communist Party's military cadre.

[Joffe] Talking about the Communists, what is your or the FPMR's relationship with the Communist Party [PCCh]? When asked the same question, Communist leaders have answered that "Buschmann is a loyal militant on a special mission..." In the past, during the times of the Popular Unity, something similar was said about

people serving special missions within the MAPU [United Popular Action Movement] or the Christian Democratic Party... Could you explain this confusion?

[Buschmann] This sounds very cunning and smart but this does not reflect the reality. I can only say that the party has never discredited me and the only thing I need now to be a true communist is to become a militant, because militancy is the basis of communism.

[Joffe] All this is very confusing. The FPMR sometimes is and sometimes is not the PCCh's armed branch...

[Buschmann] Perfect. This false notion stems from idea that everything communist is bad and from the fascists' mentality that everything that is against the dictatorship is synonymous with communism... In our first public declaration as a front we did not mention our philosophy nor political leaning. We are a group of patriots who accept militants from every political party and creed. We advocate an approach that is free from lust for leadership and hope to offer the Chilean people what the leftists lacked: their own army. In the past we made the historic mistake of not having a peoples' army. At the beginning we focused our attention on propaganda.

[Joffe] From your point of view then, to defend the people means generating violence and blowing up high-tension towers?

[Buschmann] That is right: smoke bombs, the blowing up of towers. Nothing that may threaten the peoples' lives.

[Joffe] How about the victims of the escalation of violence?

[Buschmann] Many times we have been held responsible for actions we have not carried out. We were not the only organization...there are other groups who think differently. As I was saying, we gained our own identity because the people needed these things and we managed to survive as urban guerrillas—and I say urban not because we did not act in the interior, but because 80 percent of the people in Chile live in cities and towns. The guerrilla cannot survive without the peoples' support. If the people consider you an enemy and look at you suspiciously, they betray you, and they tear you apart.

[Joffe] How did the second stage start?

[Buschmann] After 3 years we made an analysis of the scientific-military stage. This prevented us from falling into an escalation of arms and a schizophrenic liking for guerrilla affairs, which are policies that would have led us nowhere. This stage was followed by the political-military stage, which is gradually meeting the requirements of the far-reaching actions of our militiamen.

[Joffe] Who are the militiamen?

[Buschmann] A militiaman is a member of the FPMR who works during the day and is a guerrilla at night.

[Jouffe] Is this the stage when the FPMR terrorist attacks began?

[Buschmann] No, this is the stage when the harassment began. It is well-known, for example, that the La Legua police station personnel use very violent methods of repression. Therefore, most of our attacks are conducted against this police station. Our current actions, however, do not surprise the people as they did during the propaganda stage. Through our actions, we call for justice against injustice.

[Jouffe] Was the FPMR unity preserved during this stage?

[Buschmann] No, it is still painful whenever a group of militants who support the militarist policy decides to act on their own, without respecting the militiamen's analysis that usually define what actions must be undertaken and when. This is how we have lost several comrades who split and created the autonomous FPMR.

[Jouffe] Nonetheless, they hand out justice without resorting to the ordinary judicial methods, just like you people do.

[Buschmann] We do not trust the judicial branch, which depends entirely on the dictatorship. This is why we answer violence with more violence. We cannot forget that we are fighting a war. [passage omitted]

[Jouffe] What will you do in a democratic Chile?

[Buschmann] This will be decided at the time. If the opposition wins, we will not adopt the same attitude we will adopt if the right wins.

[Jouffe] What will you do if Aylwin wins?

[Buschmann] In my personal opinion, this candidate means nothing. He is to be held responsible for the suspension of the talks with Allende. His attitude toward Renan Fuentealba, who tried all means to prevent the military coup, was ignominious. I want you to publish exactly what I am going to tell you. I do not want to see my words distorted, as occurred with an interview I granted to the Spanish daily EL PAIS. This newspaper published that the FPMR will continue to attack the government no matter who is the new president. This is not true. If the people ask for a truce so that an accord can be reached with the left, there will be a truce, as there was a truce during the pope's visit to Chile. At that time, our militiamen made an evaluation of our activities and realized that the people did not want any disturbance during the visit. From prison, I myself announced that there would be a truce. Currently, however, and I insist

on this, even if there is a truce, we will not lose the opportunity to continue preparing ourselves in the political and military fields. [passage omitted]

[Jouffe] What about the Movement of the Revolutionary Left (MIR)? Does it still support violence, or has it become more bureaucratic?

[Buschmann] There are two MIR's. One is the Nelson Gutierrez-led MIR, and the other is the Andres Pascalled MIR. One faction believes in the political-military way of achieving things. The other only believes in the military way. Neither of the two MIR's has become bureaucratic. They have simply been dismantled and ferociously persecuted, and chose a path different from ours. We believe in the value of strikes, of the common kitchen, of hunger strikes. They do not share our opinion on these issues.

[Jouffe] Do you have a favorite candidate for the December elections?

[Buschmann] More than favorite candidates, we have favorite programs of government. I do not agree with the solutions presented in Argentina, where a sergeant refused to accept his responsibility in the dirty war crimes because he said he was simply following the chain of command and obeying orders. I believe all military involved in repression must be tried.

[Jouffe] One way or the other, the opposition believes that the FPMR is an obstacle to the establishment of democracy in the country.

[Buschmann] We do not share this opinion. If the opposition wants a real democracy, then it has to employ all its efforts to establish it and stop looking back. Otherwise, democracy in Chile will be nothing but a farce and those responsible for this farce will have to pay a high price for it.

[Jouffe] Do you intend to return to Chile?

[Buschmann] If I returned now I would be a dead man.

Colombia

ELN Willing To Discuss National Oil Policy
PA2206140089 Paris AFP in Spanish 0510 GMT
22 Jun 89

[Text] Bogota, 21 Jun (AFP)—The Colombian Army of National Liberation (ELN) announced today for the first time that it is willing to engage in a dialogue on the country's oil policy. The ELN has carried out a destructive wave of attacks against the Colombian oil industry to force the government to nationalize this industry.

The guerrilla group's willingness to participate in a dialogue is conveyed in a tape sent to Conservative Senator Alvaro Leyva from former Spanish priest Manuel Perez, who is the ELN's founder and leader. According to Leyva, Perez expressed his willingness to meet with him to explain the guerrilla group's ideas on what Colombia's oil policy should be. Leyva said that the ELN also demanded that nationalization be applied to other natural resources.

Furthermore, the ELN—which has previously rejected the government's peace offer—reiterated its desire to "humanize" the conflict between the guerrillas and the Army so that the civilian population will not be affected.

Leyva has played a leading role in seeking a rapprochement between guerrilla groups and the government. To this end he has met several times with M-19 [19 April Movement] and Revolutionary Armed Forces of Colombia (FARC) commanders, which is why the ELN selected him as the bearer of its message.

The ELN has concentrated its terrorist attacks against the country's main oil pipeline, which extends 800 km from the eastern to the northwestern regions of Colombia. It has caused millions in losses to the state Colombian Petroleum Enterprise [ECOPETROL] and serious ecological damage resulting from oil spills.

In 1988, it attacked the nation's pipelines approximately 50 times, and thus far this year the ELN has carried out 21 attacks. On 16 June, the main oil reserves in the Caribbean port city of Covenas were virtually destroyed by several dynamite blasts set off by the guerrillas.

This was the ELN's most daring and serious attack to date. The ELN claims that the multinational companies that carry out oil exploration and drilling with ECOPETROL are "plundering" Colombia's natural resources.

Minister: Conditions 'Not Right'

PA2206221489 Paris AFP in Spanish 0610 GMT
22 Jun 89

[Text] Bogota, 21 Jun (AFP)—The Colombian Occidental (OXXY) enterprise, which exploits the Cano Limon eastern oilfields, today told the government in Bogota it has decided to remain in the country, despite increased terrorist attacks against the oil installations.

OXXY offered to rebuild or repair the Covenas export pumping facility on the Atlantic coast that which was destroyed on 16 June, presumably by guerrillas, who killed a Marine and wounded another.

Directors of the multinational corporation—headed by John Barton Taylor, the company's president for Latin America—said this during a surprise visit to President Barco.

At the meeting, the oil men told the president of their concern over the wave of attacks against the pipeline by the pro-Cuban ELN, which is seeking to nationalize the industry through violence.

Mines and Energy Minister Oscar Mejia said at the end of the meeting that, together with OXXY, they will try to ensure the security of the country's entire oil infrastructure, especially the Limon-Covenas pipeline (about 800 km), which carries crude oil for export.

After noting that the possibility of building a new pipeline through Venezuela has not been ruled out, the minister said he will study the project next week in Mexico with his Venezuelan colleague, Celestino Armas, at an informal meeting of oil producers and exporters.

The minister said conditions are not right for holding talks with the ELN. Former Spanish priest Manuel Perez, who heads the ELN, sent a message to Conservative Party opposition Senator Alvaro Leiva suggesting these talks.

According to Mejia, the ELN is trying to reduce Armed Forces pressure on this guerrilla organization by suggesting talks with the government.

The minister said that if Leiva does talk with the ELN, it would be on a purely personal basis, and he said: "At the moment, conditions are not right and there is no reason for the government to hold talks with this group."

Today, a new dynamite attack damaged the pipeline that takes fuel from Medellin to the Rionegro airport, in the northwestern part of Colombia. There have been 22 ELN attacks on the pipeline in 1989. Nine meters of pipeline were blown up, and the gasoline spill contaminated some streams that supply fresh water to the northeastern part of Medellin. State-run ECOPETROL said fuel to Rionegro is normal and that the damage will be repaired soon.

Government 'Optimism' Noted

PA2306042889 Bogota Inrvision Television Cadena 1
in Spanish 1730 GMT 22 Jun 89

[Text] The government received with optimism the dialogue proposal made by ELN commander Manuel Perez through Senator Alvaro Leyva Duran.

Government Minister Raul Orejuela Bueno said that in order to begin talks, the subversive group must stop its terrorist actions. Here is a report by Carlos Arturo Paez:

[Begin recording] [Paez] For the first time in the history of our country, there are signs of rapprochement between the subversive ELN and the national government. Government Minister Raul Orejuela Bueno said today that he is pleased with the ELN's willingness to participate in a dialogue, which was expressed in a letter sent to

Senator Alvaro Leyva and to the Patriotic Union by the guerrilla group. However, he asked them to display this spirit through specific actions.

[Orejuela Bueno] We are following with interest the ELN's announcement that it is willing—for the first time in our history—to cease these actions, which, as I said, threaten Colombia's economy and therefore all Colombians.

[Paez] Minister Orejuela Bueno said that once the ELN goes from words to specific actions to demonstrate its desire for peace, the government will begin to study its demands.

[Orejuela Bueno] We have always said that when there are demonstrations of goodwill, the government's ears are open.

[Paez] Orejuela Bueno recalled the agreements reached with the M-19 and the progress made with the FARC.

He told Senator Leyva that it is the government's duty to preserve public order. He added, however, that peace efforts conducted separately are positive as long as the talks are held within the framework of the government's peace proposal. [end recording]

UC-ELN Pipeline Attack Affects Airport

PA2206153489 Bogota Inravisión Television Cadena 1 in Spanish 0000 GMT 22 Jun 89

[Text] Hundreds of people very nearly drank high-octane gasoline this morning. ELN guerrillas dynamited a section of pipeline providing fuel to the Jose Maria Cordoba Airport east of Medellin. The gasoline ran into a stream feeding into a water system serving large areas in Medellin. The pipeline is expected to be repaired this evening.

Two dynamite explosions went off at 0200 at km 13, destroying 8 meters of the pipeline. This left the airport temporarily without fuel. The greatest damage was caused when fuel ran off into La Castro stream, the sole source of potable water for three northeastern Medellin neighborhoods. In Las Letras, Llanavitas, and Los Mangos, the water was far from odorless and colorless.

Counting the attack in Santa Rita, Zamora, this is the second time in less than 2 years that the ELN has sabotaged the (Tercel) pipelines in Antioquia. Leaflets with slogans found a short distance from the broken pipeline reveal that the UC [Camilist Union]-ELN are responsible for today's dynamite blast in Rio Negro. The Jose Maria Cordoba Airport has a 7-day reserve supply of fuel. The 7,000 northeastern Medellin residents are the most seriously affected by the action.

Attempt To Kidnap Oil Official Thwarted

PA2206164289 Madrid EFE in Spanish 1509 GMT 22 Jun 89

[Text] Bogota, 21 Jun [date as received] EFE—Fernando Delgado, vice president of associated operations of ECOPETROL, was the victim of an attempted kidnapping by suspected guerrillas, police sources reported.

The kidnapping attempt took place this morning in a building in a northern residential zone of Bogota, when a group of armed individuals tried to reach the eighth floor where Fernando Delgado resides in an apartment.

The building guards repelled the attackers, who wounded one of the guards before escaping.

Fernando Delgado, as vice president of associated operations of ECOPETROL, is one of the persons in charge of conducting relations with foreign transnational companies.

The Camilist Union of the Army of National Liberation (UC-ELN), which follows a Castroite ideology, is intent on waging war on transnational companies that operate in Colombia under contract to ECOPETROL.

In its latest communiques, the UC-ELN announced that it would place state oil enterprise executives "on trial."

New Attack on Country's Main Pipeline Reported

PA2306040389 Paris AFP in Spanish 0300 GMT 23 Jun 89

[Text] Bogota, 22 Jun (AFP)—The state ECOPETROL has announced that guerrillas of the pro-Cuban ELN carried out a new dynamite attack on Colombia's main oil pipeline today.

The destruction of the pipeline at km 274 in Norte de Santander Department did not cause the crude oil destined for export to spill, because pumping operations have been suspended since 16 June, when the extremists blew up the terminal at Covenas, on the Caribbean.

This is the 23d attack by guerrillas on oil installations this year in their attempt to force the government to nationalize the hydrocarbons industry.

ECOPETROL President Andres Restrepo today publicly blamed the attacks and the intimidation and other actions against company officials on former Spanish priest Manuel Perez, top leader of the ELN.

In condemning an abortive attempt to kidnap Fernando Delgado, the company's vice president in charge of operations, in Bogota this morning, Restrepo noted the serenity with which the last two contracts have been negotiated with workers.

Restrepo said the ELN's purported nationalism is "false and vacuous." He said that in his opinion, the ELN's "values are distorted, because it is trying to destroy what ECOPETROL is doing for Colombia."

Interview With ADO Leader Banned by TV Council
PA2206203789 Hamburg DPA in Spanish 1835 GMT
22 Jun 89

[Text] Bogota, 22 Jun (DPA)—At least 100 men belong to Colombia's so-called Workers Self-Defense [ADO], also known as the right-wing paramilitary groups. It was officially confirmed that this information was to have been disclosed in a television program that was to have been aired last night, but was banned by the government minutes before airing.

Yesterday's segment of the "Special Correspondent" (Enviado Especial) program, directed by well-known journalist German Castro Caycedo and which was going to be presented in three parts, contained an interview with Luis Arturo Ramirez, accused of being the main ADO leader, who said that in past years approximately 400 leftist guerrillas have been killed in fighting.

The special program was banned by the National Television Council at the express request of President Virgilio Barco and Communications Minister Carlos Lemos Simmonds, although film clips were aired in advance by the evening newscasts.

According to Castro Caycedo—who has banned another program on the guerrillas in the past—the special program contained an interview with Ramirez in the central Boyaca municipality, the suspected center of operations of the rightist paramilitary groups, organizations financed by the drug trafficking mafias, whose principal "mission" is to kill political and leftist labor leaders.

According to Ramirez, the ADO is not a group of paramilitary squads and its only task is "to defend the townspeople from guerrilla attacks." According to charges, the ADO directed the attack against Brigadier General Miguel Maza Marquez, chief of the Colombian Secret Police, who seized valuable documents revealing an alleged drug trafficking network and the presence of extreme rightist paramilitary groups in leading government sectors.

Paraguay

Communist Youth Leader Interviewed on Status
PY2006230889 Asuncion Cerro Cora Sistema Nacional
de Television in Spanish 2350 GMT 19 Jun 89

[Interview with Bernabe Penayo, member of the Paraguayan Communist Youth Federation; date and place not given—live or recorded]

[Excerpts] [Penayo] There is a repressive law here that forbids communist activity. However, given the government change in this country and the current freedom,

which is really a restricted freedom, as admitted by the government; that is, President Rodriguez himself has said that the Communist Party will continue to be proscribed. [sentence as heard]

However, we have nonetheless found some space. We have been working with the political youth organizations in our country, in the national preparatory committee [not further identified]. So far we have not been repressed.

Therefore, if there is a democracy, if this really is a democratic process, the Paraguayan Communist Party must become completely legal, with the same rights of the rest of the political parties in our country.

[Unidentified reporter] How are you preparing to attend the Korean festival?

[Penayo] We are reorganizing because the Stroessner dictatorship was hard on us.

[Reporter] Did you work here in those times?

[Penayo] Yes, we did. Several of our comrades were arrested, others are missing. Derlis Villagra, our secretary general, has been missing since 1975. Many other comrades were imprisoned and tortured during the dictatorship. [passage omitted]

[Reporter] Will you resort to violence as a policy?

[Penayo] In general, we are currently not proposing to adopt violence.

[Reporter] Will the party go public?

[Penayo] Yes, I think that in a very short time the Paraguayan Communist Party will become public. [passage omitted]

[Reporter] What does it mean to you, to become public?

[Penayo] [passage omitted] It is important for us because the Paraguayan people will have the opportunity to get to know the Communists through the Communists, not through the propaganda that is made by the fascists, imperialists, and the domineering class.

Relations Set With St Vincent, Grenadines
PY2306001289 Asuncion ULTIMA HORA in Spanish
22 Jun 89 p 12

[Excerpt] A joint communique establishing diplomatic relations between Paraguay and St Vincent and the Grenadines was signed this morning at United Nations headquarters in New York City. [passage omitted]

National Treasury Director Replaced

PY2206025889 Asuncion *ULTIMA HORA* in Spanish
21 Jun 89 p 12

[Excerpt] Through Decree No 1141, the Executive Branch has appointed Dr Luis Vera Caniza director of the National Treasury. Vero Caniza replaces Dr Vidal Benitez Alarcon, who is being held at the Tacumbu jail on the charge of misusing public funds. [passage omitted]

Former Foreign Minister Sapena Pastor Dies

PY1606153289 Asuncion *ABC COLOR* in Spanish
16 Jun 89 p 6

[Excerpt] Former Foreign Minister Raul Sapena Pastor died in Asuncion last night at the age of 80. Sapena Pastor was also an illustrious member of the Colorado Party. [passage omitted]

Peru

Vargas Llosa Resigns as Presidential Candidate

PY2206113089 Lima *Television Peruana*
in Spanish 0100 GMT 22 Jun 89

[Text] In a letter addressed to Fernando Belaunde Terry and Luis Bedoya Reyes, writer Mario Vargas Llosa tonight resigned as presidential candidate for the Democratic Front [FREDEMO]. In his letter, the Nobel Prize winner said he made this decision because of the many disagreements within the FREDEMO preceding the municipal elections. This is the beginning of the end of the FREDEMO, Mario Vargas Llosa said, due to its lack of responsibility in reaching an agreement.

Mario Vargas Llosa, who was supposed to travel to Spain today to meet with Spanish Prime Minister Felipe Gonzalez, suspended his trip on account of the difficulties the FREDEMO is going through.

This station has discussed this subject with Miraflores Mayor Luis Bedoya de Vivanco, member of the PPC [Popular Christian Party].

[Begin recording] [Reporter] We would like to know if the resignation of the FREDEMO candidate is definite. Do you know anything about it?

[Bedoya] I do not know any more than what was read of the letter on television. From what I heard, I deduce that Vargas Llosa is making a firm call to the political parties of the FREDEMO to reach an agreement. Therefore, I consider that his resignation could not be definite, but obviously only Mario Vargas Llosa could answer that question.

[Reporter] Is there a split in the FREDEMO?

[Bedoya] I think there is a delicate situation that must be analyzed by all the FREDEMO members to avoid a split.

[Reporter] We would like to know what the PPC would do if Vargas Llosa definitely resigns. Would the PPC run in the elections alone?

[Bedoya] We would have to discuss this possibility within the party. However, I think that many talks will have to be held with the rest of the FREDEMO members, like the Popular Action Party, and the Liberty Movement, before we adopt a decision to try to avoid a split. [end recording]

Reasons for Resignation

PY2206193189 Lima *Television Peruana*
in Spanish 1115 GMT 22 Jun 89

[Text] In a letter addressed to Fernando Belaunde Terry, leader of the Popular Action Party [AP], and to Luis Bedoya Reyes, leader of the Popular Christian Party [PPC], writer Mario Vargas Llosa yesterday announced his resignation as the presidential candidate of the Democratic Front [FREDEMO]. The letter states:

Dear friends: I really regret that, at the meeting held yesterday morning, you failed to reach to an agreement on the number of candidates that will represent both the AP and the PPC at the municipal elections.

During separate talks with you on 19 June I learned about this disagreement, which later I reported to the press. I regret that partisan interests have made you reject a position that you had found to be reasonable at our meeting.

I have resigned as presidential candidate for the FREDEMO because no agreement could be reached to avoid a partisan struggle at the municipal elections. In a letter I sent to Belaunde Terry on 14 June I informed him of this decision.

These are the reasons for my resignation that you already know: The division of the FREDEMO at the municipal elections might harm the credibility of the front as a solid and united alliance and will turn it into a cosmetic pact designed to merely take power.

During the process of municipal elections that lasts almost 6 months, the FREDEMO presidential candidate would be compelled to remain silent or to make ambiguous remarks so as not to antagonize his theoretical supporters at grassroots level who will be competing against each other at the municipal elections. Under these circumstances the FREDEMO presidential candidate will have no prestige or authority left by November. He will be half dead at that time. From there until April he will have to concentrate on the effort of healing wounds and assuaging resentments caused to the front by the municipal elections.

Still, I do not rule out the possibility of winning the presidential elections even under these poor conditions but I do believe that the FREDEMO will not have the

civic and moral force to make the deep change that Peru will need to pull itself out of the hole. You know that I have done everything possible to make ours a true coalition in which the interest of the country prevailed over the interest of the people and of the parties.

It is not up to me to attribute the blame for decisions that are apparently marking the beginning of the end of the FREDEMO. I cannot make such decisions. I must allow history to have the final say.

Let me remind you that as leaders of two parties that constitute the backbone of Peruvian democracy you have the main responsibility for what may occur in the future.

Taking into account the serious economic situation, the institutional chaos, and the growing terrorism, the FREDEMO has been the best alternative for strengthening our weak democracy. This fact, and not my character has

encouraged thousands of simple and decent Peruvians who only seek freedom, peace and dignity, to join the FREDEMO in the last few months.

The collapse of the FREDEMO can pave the way for totalitarian and reactionary Marxism, or for a bloody military event. These situations will only contribute to increase the suffering and violence which are being endured by the Peruvian people. I hope that this somber prospect will make you reflect, change your minds and really join forces.

Considering the current Peruvian situation, the motives that divide us are insignificant and despicable and can be easily overcome with a minimum of flexibility. If so, you will undoubtedly have the support of many independent people who have participated in this process just to end the decay and cruelty that plague our unfortunate country.

Cordially yours, Mario Vargas Llosa.

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